

# OUTDSHOORN

## MUNICIPALITY



**UNAUDITED**

**FINANCIAL STATEMENTS**

**30 JUNE 2013**

# OUTDSHOORN LOCAL MUNICIPALITY

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OUDTSHOORN MUNICIPALITY

## ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

## GENERAL INFORMATION

### NATURE OF BUSINESS

Oudshoorn Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

## COUNTRY OF ORIGIN AND LEGAL FORM

South African Category B Municipality WC045 (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

## CATEGORY OF MUNICIPALITY

Grade 3

## JURISDICTION

The Oudshoorn Municipality includes the following areas:  
*Oudtshoorn, Dysselsdorp, De Rust, Volmoed, De Hoop*

### MEMBERS OF THE MAYORAL COMMITTEE

|                        |               |
|------------------------|---------------|
| Executive Mayor        | G April       |
| Deputy Executive Mayor | VM Donson     |
| Executive Councillor   | N Gunguluza   |
| Executive Councillor   | L Stalmeester |
| Executive Councillor   | Z G Phillips  |
| Executive Councillor   | E N Ngalo     |
| Executive Councillor   | C J Wagenaar  |

Speaker JNH Stoffels

## MUNICIPAL MANAGER

R Lottering (Acting)

## CHIEF FINANCIAL OFFICER

F Human (Acting)

**REGISTERED OFFICE**

PO Box 255  
6625

## AUDITORS

Private Bag X1  
CHEMPET  
7442

## PRINCIPLE BANKERS

STANDARD BANK

## RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)  
Division of Revenue Act  
The Income Tax Act  
Value Added Tax Act  
Municipal Structures Act (Act no 117 of 1998)  
Municipal Systems Act (Act no 32 of 2000)  
Municipal Planning and Performance Management Regulations  
Water Services Act (Act no 108 of 1997)  
Housing Act (Act no 107 of 1997)  
Municipal Property Rates Act (Act no 6 of 2004)  
Electricity Act (Act no 41 of 1987)  
Skills Development Levies Act (Act no 9 of 1999)  
Employment Equity Act (Act no 55 of 1998)  
Unemployment Insurance Act (Act no 30 of 1966)  
Basic Conditions of Employment Act (Act no 75 of 1997)  
Supply Chain Management Regulations, 2005  
Collective Agreements  
Infrastructure Grants  
SALBC Leave Regulations

# ODTSHOORN MUNICIPALITY

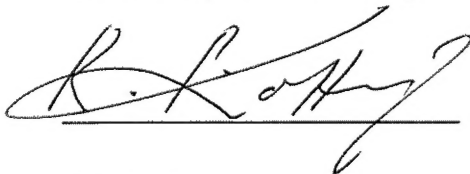
## ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

### MEMBERS OF THE OUDTSHOORN MUNICIPALITY

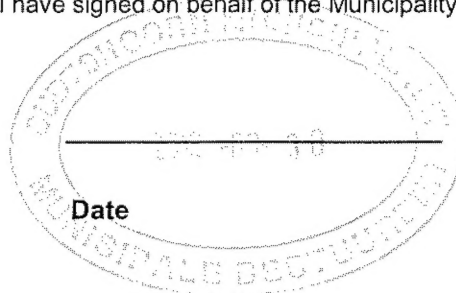
| Ward         | Councillor        |
|--------------|-------------------|
| 1            | J Le Roux Krowitz |
| 2            | P Nel             |
| 3            | D de Jager        |
| 4            | N Gunguluza       |
| 5            | Vacant            |
| 6            | Vacant            |
| 7            | PL Roberts        |
| 8            | EN Ngalo          |
| 9            | G April           |
| 10           | L Stalmeester     |
| 11           | RR Wildschut      |
| 12           | DJ Fourie         |
| 13           | Vacant            |
| Proportional | J Stoffels        |
| Proportional | M Wagenaar        |
| Proportional | E Fortuin         |
| Proportional | DV Donson         |
| Proportional | C Mac Pherson     |
| Proportional | F Magxaka         |
| Proportional | J Maxim           |
| Proportional | M Titus           |
| Proportional | G Phillips        |
| Proportional | IV v/d Westhuizen |
| Proportional | B van Wyk         |
| Proportional | C Wagenaar        |

### APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements, in terms of Section 126(1) of the Municipal Finance Management Act, which I have signed on behalf of the Municipality.



**R Lottering**  
**Acting Municipal Manager**





OUDTSHOORN LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2013

|  | Notes | 2013<br>R          | 2012<br>R          |
|--|-------|--------------------|--------------------|
| <b>NET ASSETS AND LIABILITIES</b>                  |       |                    |                    |
| <b>Net Assets</b>                                  |       | <b>427 613 603</b> | <b>444 178 792</b> |
| Accumulated Surplus/(Deficit)                      |       | 427 613 603        | 444 178 792        |
| <b>Non-Current Liabilities</b>                     |       | <b>239 775 628</b> | <b>200 257 325</b> |
| Long-term Liabilities                              | 2     | 92 219 228         | 68 829 092         |
| Employee benefits                                  | 3     | 68 652 012         | 55 536 253         |
| Non-Current Provisions                             | 4     | 78 904 388         | 75 891 980         |
| <b>Current Liabilities</b>                         |       | <b>86 936 023</b>  | <b>75 787 133</b>  |
| Consumer Deposits                                  | 5     | 5 488 905          | 5 150 143          |
| Current Employee benefits                          | 6     | 13 499 907         | 16 035 625         |
| Current Portion of Provisions                      | 7     | 5 326 010          | 3 570 660          |
| Payables from exchange transactions                | 8     | 33 764 995         | 32 672 311         |
| Unspent Conditional Government Grants and Receipts | 9     | 12 524 017         | 8 142 814          |
| Unspent Public Contributions                       | 10    | 244 374            | 244 374            |
| Current Portion of Long-term Liabilities           | 2     | 16 087 815         | 9 971 206          |
| <b>Total Net Assets and Liabilities</b>            |       | <b>754 325 254</b> | <b>720 223 250</b> |
| <b>ASSETS</b>                                      |       |                    |                    |
| <b>Non-Current Assets</b>                          |       | <b>656 119 647</b> | <b>630 382 198</b> |
| Property, Plant and Equipment                      | 12    | 561 150 294        | 534 614 096        |
| Investment Property                                | 16    | 85 624 677         | 86 278 252         |
| Intangible Assets                                  | 17    | 378 054            | 191 669            |
| Capitalized Restoration Cost                       | 15    | 8 966 622          | 9 298 182          |
| <b>Current Assets</b>                              |       | <b>98 205 606</b>  | <b>89 841 052</b>  |
| Inventory  | 18    | 1 369 784          | 1 567 089          |
| Assets held for sale                               | 13    | 315 225            | -                  |
| Receivables from exchange transactions             | 19    | 46 762 549         | 42 584 818         |
| Receivables from non-exchange transactions         | 20    | 27 241 538         | 23 826 372         |
| Unpaid Conditional Government Grants and Receipts  | 9     | 981 375            | 62 020             |
| Operating Lease Asset                              | 21    | 1 765 745          | 1 240 766          |
| Taxes  | 11    | 2 794 784          | 4 995 509          |
| Cash and Cash Equivalents                          | 22    | 16 974 605         | 15 564 478         |
| <b>Total Assets</b>                                |       | <b>754 325 254</b> | <b>720 223 250</b> |

OUDTSHOORN LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013

|   | Notes | 2013<br>(Actual)<br>R | 2012<br>(Restated)<br>R |
|---|-------|-----------------------|-------------------------|
| <b>REVENUE</b>                                    |       |                       |                         |
| Revenue from Non-exchange Transactions            |       | 160 910 392           | 133 519 776             |
| Taxation Revenue                                  |       | 46 850 016            | 40 934 467              |
| Property taxes                                    | 23    | 46 850 016            | 40 934 467              |
| Transfer Revenue                                  |       | 111 785 618           | 87 746 229              |
| Government Grants and Subsidies- Capital          | 24    | 37 658 684            | 30 944 037              |
| Government Grants and Subsidies-Operating         | 24    | 71 819 042            | 56 657 480              |
| Public Contributions and Donations                |       | 120 000               | 144 712                 |
| Contributed/ Donated PPE                          | 25    | 2 187 892             | -                       |
| Other Revenue                                     |       | 2 274 759             | 4 839 080               |
| Third Party Payments                              |       | 162 966               | 244 526                 |
| Fines   |       | 925 657               | 1 663 992               |
| Gain on disposal of Property, Plant and Equipment |       | 1 186 135             | 7 215                   |
| Actuarial Gains                                   |       | -                     | 2 923 347               |
| Revenue from Exchange Transactions                |       | 249 896 617           | 227 849 014             |
| Service Charges                                   | 26    | 225 388 208           | 204 090 940             |
| Rental of Facilities and Equipment                |       | 2 765 074             | 2 936 422               |
| Interest Earned - external investments            |       | 1 400 914             | 2 644 864               |
| Interest Earned - outstanding debtors             |       | 5 313 211             | 5 043 645               |
| Agency Services                                   |       | 4 316 204             | 4 180 250               |
| Other Income                                      | 27    | 10 713 007            | 8 952 893               |
| Impairment of leases                              |       | -                     | -                       |
| <b>Total Revenue</b>                              |       | <b>410 807 009</b>    | <b>361 368 790</b>      |
| <b>EXPENDITURE</b>                                |       |                       |                         |
| Employee related costs                            | 28    | 140 547 728           | 128 080 594             |
| Remuneration of Councillors                       | 29    | 7 196 674             | 7 325 281               |
| Debt Impairment                                   | 30    | 12 954 563            | 5 621 288               |
| Depreciation and Amortisation                     | 31    | 18 452 261            | 20 019 701              |
| Impairments                                       | 32    | 125 475               | 147 434                 |
| Assets written-off                                |       | 1 370 195             | 2 598                   |
| Stock written-off                                 |       | -                     | 132 443                 |
| Repairs and Maintenance                           |       | 13 583 474            | 12 520 035              |
| Actuarial losses                                  | 3     | 8 466 427             | 597 104                 |
| Finance Charges                                   | 33    | 13 054 739            | 9 285 963               |
| Bulk Purchases                                    | 34    | 107 434 133           | 101 206 097             |
| Contracted services                               |       | 13 647 783            | 12 463 747              |
| Operating Grant Expenditure                       |       | 27 278 260            | 18 489 077              |
| General Expenses                                  | 35    | 63 260 488            | 50 874 058              |
| <b>Total Expenditure</b>                          |       | <b>427 372 199</b>    | <b>366 765 420</b>      |
| <b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>         |       | <b>(16 565 190)</b>   | <b>(5 396 630)</b>      |

ODTSHOORN LOCAL MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2013

|   | Accumulated<br>Surplus/<br>(Deficit) | Total              |
|---|--------------------------------------|--------------------|
|   | R                                    | R                  |
| <b>2011</b>                             |                                      |                    |
| Balance at 1 JULY 2011                  | 438 041 874                          | 438 041 874        |
| Correction of error                     | 11 533 548                           | 11 533 548         |
|   |                                      |                    |
| <b>Restated Balance at 30 JUNE 2011</b> | <b>449 575 422</b>                   | <b>449 575 422</b> |
| <b>2012</b>                             |                                      |                    |
| Net Deficit for the year                | (5 396 630)                          | (5 396 630)        |
|   |                                      |                    |
| <b>Restated Balance at 30 JUNE 2012</b> | <b>444 178 792</b>                   | <b>444 178 792</b> |
| <b>2013</b>                             |                                      |                    |
| Net Deficit for the year                | (16 565 190)                         | (16 565 190)       |
|   |                                      |                    |
| <b>Balance at 30 JUNE 2013</b>          | <b>427 613 603</b>                   | <b>427 613 603</b> |

**OUTDSHOORN LOCAL MUNICIPALITY**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2013**

|  | Notes | 30 JUNE 2013<br>R   | 30 JUNE 2012<br>R   |
|--|-------|---------------------|---------------------|
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>             |       |                     |                     |
| <b>Receipts</b>  |       |                     |                     |
| Ratepayers and other                                   |       | 279 730 270         | 258 145 795         |
| Government - operating                                 |       | 71 819 042          | 56 657 480          |
| Government - capital                                   |       | 37 658 684          | 30 944 037          |
| Interest   |       | 6 714 125           | 7 688 509           |
| <b>Payments</b>  |       |                     |                     |
| Suppliers and employees                                |       | (365 403 574)       | (333 365 455)       |
| Finance charges  | 33    | (13 054 739)        | (9 285 963)         |
| <b>Cash generated by operations</b>                    | 37    | 17 463 807          | 10 784 403          |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>             |       |                     |                     |
| Purchase of Property, Plant and Equipment              | 12    | (45 641 191)        | (34 948 441)        |
| Purchase of Intangible Assets                          |       | (257 996)           | -                   |
| <b>Net Cash from Investing Activities</b>              |       | <b>(45 899 187)</b> | <b>(34 948 441)</b> |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>             |       |                     |                     |
| Loans repaid   |       | (5 801 054)         | (9 594 326)         |
| New loans raised                                       |       | 35 307 799          | -                   |
| Increase in Consumer Deposits                          |       | 338 762             | 334 392             |
| <b>Net Cash from Financing Activities</b>              |       | <b>29 845 507</b>   | <b>(9 259 935)</b>  |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>       |       | <b>1 410 127</b>    | <b>(33 423 974)</b> |
| Cash and Cash Equivalents at the beginning of the year |       | 15 564 478          | 48 988 452          |
| Cash and Cash Equivalents at the end of the year       | 38    | 16 974 605          | 15 564 478          |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>       |       | <b>1 410 127</b>    | <b>(33 423 974)</b> |

## **1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE ANNUAL FINANCIAL STATEMENTS**

### **1.1. BASIS OF PREPARATION**

The annual financial statements have been prepared on the accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The annual financial statements have been prepared in accordance with the effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3 and the hierarchy approved in Directive 5 issued by the Accounting Standards Board

Accounting policies for material transactions, events or conditions not covered by the mentioned GRAP have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3.

A summary of the significant accounting policies, which have been consistently applied except where an exemption or transitional provision has been granted, are disclosed below.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant notes to the Financial Statements.

In terms of Directive 4: "The Application of Deemed Cost on the Adoption of Standards of GRAP" issued by the Accounting Standards Board, the municipality applied deemed cost to Investment Property, Property, Plant and Equipment and Intangible Assets where the acquisition cost of an asset could not be determined.

If fair value at the measurement date cannot be determined for an item of property, plant and equipment, investment property or an intangible asset, an entity may estimate such fair value using depreciated replacement cost.

The cost for depreciated replacement cost is determined by using either one of the following:

- cost of items with a similar nature currently in the municipality's asset register;
- cost of items with a similar nature in other municipalities' asset registers, given that the other municipality has the same geographical setting as the municipality and that the other municipality's asset register is considered to be accurate;
- cost as supplied by suppliers.

**1.2. PRESENTATION CURRENCY**

Amounts reflected in the financial statements are in South African Rand and at actual values. No financial values are given in an abbreviated display format. No foreign exchange transactions are included in the statements.

**1.3. GOING CONCERN ASSUMPTION**

These annual financial statements have been prepared on a going concern basis.

**1.4. COMPARATIVE INFORMATION**

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. This is as per the requirement of GRAP1.49. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

**1.5. PRESENTATION OF BUDGET INFORMATION**

As noted, GRAP 24 is now effective, budget information required in terms of GRAP 24 have been disclosed in the financial statements. The presentation of budget information was prepared in accordance with the guidelines issued by the ASB.

The budgets and the financial statements are prepared on a fully comparable basis, the entity thus does not prepare a separate Statement of Comparison of Budget and Actual Amounts. All detail relating to GRAP 24 has been disclosed in the notes to the Annual Financial Statements. Where needed the entity have prepared a reconciliation of the actual amounts on a comparable basis to the actual amounts presented in the financial statements. Where applicable a reason has been supplied where variances between actual and budget information is considered material.

**1.6. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE**

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

| Standard | Description   | Effective Date |
|----------|---|----------------|
| GRAP 18  | <b>Segment Reporting</b><br>Information to a large extent is already included in the notes to the annual financial statements.  | Unknown        |
| GRAP 20  | <b>Related Party Disclosures</b><br>Information to a large extent is already included in the notes to the annual financial statements.                                    | Unknown        |
| GRAP 105 | <b>Transfer of Functions Between Entities Under Common Control</b><br>No significant impact is expected as the entity does not participate in such business transactions. | Unknown        |
| GRAP 106 | <b>Transfer of Functions Between Entities Not Under Common Control</b>  | Unknown        |

|                 |   |                |
|-----------------|---|----------------|
|                 | No significant impact is expected as the entity does not participate in such business transactions.                   |                |
| <b>GRAP 107</b> | <b>Mergers</b><br>No significant impact is expected as the entity does not participate in such business transactions. | <b>Unknown</b> |

These standards, amendments and interpretations will not have a significant impact on the municipality once implemented.

## 1.7. RESERVES

### 1.7.1 Capital Replacement Reserve (CRR)

If needed, in order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus / (deficit) to the CRR. The cash in the CRR can only be utilized to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus / (deficit) are credited by a corresponding amount when the amounts in the CRR are utilised.

## 1.8. LEASES

### 1.8.1 Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease payments are recognised on a straight-line basis over the term of the relevant lease, and differences are recognised as operating lease assets.

### 1.8.2 Municipality as Lessor

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue.

on a time proportionate basis. The accounting policies relating to de-recognition and impairment of financial instruments are applied to lease receivables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease revenue is recognised on a straight-line basis over the term of the relevant lease, and differences are recognised as operating lease liabilities.

## **1.9 GOVERNMENT GRANTS AND RECEIPTS**

### **1.9.1 *Unspent Conditional Government Grants and Receipts***

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants and subsidies.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the municipality until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

### **1.9.2 *Unpaid Conditional Government Grants and Receipts***

Unpaid conditional grants are assets in terms of the Framework that are separately reflected on the Statement of Financial Position. The asset is recognised when the Economic Entity has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from the public.

The following provisions are set for the creation and utilisation of the grants as receivables:

- Unpaid conditional grants are recognised as an asset when the grant is receivable.

## **1.10 UNSPENT PUBLIC CONTRIBUTIONS**

Public contributions are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent public contributions are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent contributions from the public.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:



- Unspent public contributions are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the municipality until it is utilised.
- Interest earned on the investment is treated in accordance with the public contribution conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

#### 1.11 PROVISIONS

Provisions are recognised when the municipality has a present legal or constructive obligation as a result of past events, it is possible that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is possible.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The municipality has a detailed formal plan for the restructuring identifying at least:
  - the business or part of a business concerned;
  - the principal locations affected;
  - the location, function and approximate number of employees who will be compensated for terminating their services;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented.
- (b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date.

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision shall be reversed.

## 1.12 EMPLOYEE BENEFITS

### **(a) *Post Retirement Medical Obligations***

The municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 70% as contribution and the remaining 30% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – Employee benefits (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. Payments made by the municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions are charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

### **(b) *Long Service Awards***

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the municipality. The municipality's obligation under these plans is valued by independent qualified actuaries periodically and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, are charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

### **(c) *Accrued Leave Pay***

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end and also on the total remuneration package of the employee. Leave is non-vesting as per GRAP 25.14.

### **(d) *Performance Bonuses***

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrued to Section 57 employees. Municipal entities' performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

**(e) Pension and Retirement Fund Obligations**

The municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable. Defined benefit plans are post-employment benefit plans other than defined contribution plans. The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are charged against income in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans. (see note 4.3 in the Financial Statements in this regard)

**Short term Employee Benefits**

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

**1.13. PROPERTY, PLANT AND EQUIPMENT**

**1.13.1 Initial Recognition**

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the entity, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired are initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

### 1.13.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of property, plant and equipment is carried at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

### 1.13.3 Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual depreciation rates are based on the following estimated useful lives:

#### Infrastructure assets

##### Electricity

| CLASS               | ASSET TYPE                | EXPECTED USEFUL LIFE |
|---------------------|---------------------------|----------------------|
| Low Voltage         | LV Overhead Line          | 50                   |
| Low Voltage         | LV Underground Cable      | 50                   |
| Low Voltage Network | Consumer Connection Cable | 50                   |
| Low Voltage Network | Consumer Connection Point | 15-30                |
| Low Voltage Network | High Must Lighting        | 20                   |
| Low Voltage Network | Other Assets              | 15-30                |
| Low Voltage Network | Pillar Box                | 40                   |
| Medium Voltage      | Auto Recloser             | 45                   |
| Medium Voltage      | Capacitor                 | 31                   |
| Medium Voltage      | Current Transformer       | 50                   |

|                           |                           |        |
|---------------------------|---------------------------|--------|
| Medium Voltage            | Distribution Transformer  | 50-61  |
| Medium Voltage            | Mini Substation           | 50     |
| Medium Voltage            | MV Overhead Line          | 10-52  |
| Medium Voltage            | MV Underground Cable      | 25-50  |
| Medium Voltage            | Ring Main Unit            | 45     |
| Medium Voltage Substation | Auto Recloser             | 45     |
| Medium Voltage Substation | Battery Tripping Unit     | 10.-21 |
| Medium Voltage Substation | capacitor Bank            | 17     |
| Medium Voltage Substation | Circuit Breaker           | 50     |
| Medium Voltage Substation | Current Transformer       | 50     |
| Medium Voltage Substation | Distribution Transformer  | 50-52  |
| Medium Voltage Substation | Electrical Plant          | 30     |
| Medium Voltage Substation | Metering Unit             | 45     |
| Medium Voltage Substation | MV Switchgear             | 45     |
| Medium Voltage Substation | Natural Earthing Resistor | 50     |
| Medium Voltage Substation | Other Assets              | 15-51  |
| Medium Voltage Substation | Power Transformer         | 50     |
| Medium Voltage Substation | Protection Panel          | 45     |
| Medium Voltage Substation | Ring Main Unit            | 45-51  |
| Medium Voltage Substation | Voltage Transformer       | 50     |

Water

|                      |                  |        |
|----------------------|------------------|--------|
| Borehole             | Civil structure  | 52-100 |
| Borehole             | Electrical Plant | 15     |
| Borehole             | Mechanical Plant | 5.-12  |
| Borehole             | Other Assets     | 30     |
| Bulk Water Pipeline  | Civil structure  | 30-55  |
| Bulk Water Pipeline  | Electrical Plant | 17     |
| Bulk Water Pipeline  | Mechanical Plant | 15-40  |
| Bulk Water Pipeline  | Other Assets     | 15-115 |
| Bulk Water Pipeline  | Pipes            | 60-100 |
| Consumer Connections | Electrical Plant | 50     |
| Consumer Connections | Mechanical Plant | 50     |
| Dam                  | Civil structure  | 50-115 |
| Dam                  | Electrical Plant | 17     |
| Dam                  | Mechanical Plant | 15-115 |
| Dam                  | Other Assets     | 15     |
| Pump Station         | Civil structure  | 21-115 |
| Pump Station         | Electrical Plant | 15-30  |
| Pump Station         | Mechanical Plant | 15-40  |
| Pump Station         | Other Assets     | 21-50  |
| Reservoir            | Civil structure  | 21-115 |
| Reservoir            | Electrical Plant | 15-45  |
| Reservoir            | Mechanical Plant | 15-115 |
| Reservoir            | Other Assets     | 15-70  |
| Water Pipeline       | Pipes            | 50-100 |

|                       |                  |       |
|-----------------------|------------------|-------|
| Water Treatment Works | Civil structure  | 21-50 |
| Water Treatment Works | Electrical Plant | 5.-31 |
| Water Treatment Works | Mechanical Plant | 15-50 |
| Water Treatment Works | Other Assets     | 15-50 |
| Weir                  | Civil structure  | 50-80 |
| Weir                  | Electrical Plant | 15-70 |
| Weir                  | Mechanical Plant | 15-50 |
| Weir                  | Other Assets     | 30-80 |

#### Sanitation

| CLASS                  | ASSET TYPE       | EXPECTED<br>USEFUL<br>LIFE |
|------------------------|------------------|----------------------------|
| Bulk Sewer Pipeline    | Pipes            | 100                        |
| Pump station           | Civil structure  | 50                         |
| Pump station           | Electrical Plant | 15-31                      |
| Pump station           | Mechanical Plant | 15-31                      |
| Pump station           | Other Assets     | 15-30                      |
| Sewage Treatment Works | Civil structure  | 20-100                     |
| Sewage Treatment Works | Electrical Plant | 15-45                      |
| Sewage Treatment Works | Mechanical Plant | 15-50                      |
| Sewage Treatment Works | Other Assets     | 15-50                      |
| Sewer Pipeline         | Pipes            | 50-100                     |

#### Road Transport

| CLASS        | ASSET TYPE      | EXPECTED<br>USEFUL<br>LIFE |
|--------------|-----------------|----------------------------|
| Footpaths    | Civil Structure | 15-35                      |
| Parking Bays | Civil Structure | 50-52                      |
| Road         | Civil Structure | 7-50                       |
| Road         | Other Assets    | 10-50                      |
| Structure    | Civil Structure | 20-100                     |
| Taxi Rank    | Civil Structure | 50                         |
| Taxi Rank    | Other Assets    | 15-50                      |

#### Stormwater

| CLASS               | ASSET TYPE      | EXPECTED<br>USEFUL<br>LIFE |
|---------------------|-----------------|----------------------------|
| Channel             | Civil Structure | 5-52                       |
| Culvert             | Civil Structure | 50                         |
| Stormwater Pipeline | Pipes           | 50-52                      |

#### Community Assets

| CLASS                 | EXPECTED<br>USEFUL<br>LIFE |
|-----------------------|----------------------------|
| Buildings             | 100                        |
| Recreation Facilities | 20-30                      |
| Security              | 5                          |
| Halls                 | 100                        |
| Libraries             | 100                        |
| Parks and gardens     | 15-20                      |
| Other Assets          | 15-20                      |

#### Other Assets

| CLASS                  | EXPECTED<br>USEFUL<br>LIFE |
|------------------------|----------------------------|
| Buildings              | 100                        |
| Bicycles               | 3-4                        |
| Office Equipment       | 4-9                        |
| Furniture and fittings | 5-8                        |
| Motor vehicles         | 5-20                       |
| Emergency equipment    | 5                          |
| Computer equipment     | 5-9                        |
| Workshop equipment     | 5-15                       |
| Trucks                 | 5-32                       |

#### Finance lease assets

| CLASS            | EXPECTED<br>USEFUL<br>LIFE |
|------------------|----------------------------|
| Office Equipment | 3-5                        |
| Other assets     | 5                          |

Finance lease assets are depreciated over the shortest period of the useful life of the asset or the term of the finance lease agreement.

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment charged to the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

#### **1.13.4 De-recognition**

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

#### **1.13.5 Land and Buildings and Other Assets – Application of Deemed Cost (Directive 4)**

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in December 2009. The municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Land and Buildings the fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2007. For Other Assets the depreciated replacement cost method was used to establish the deemed cost as on 1 July 2007.

### **1.14 INTANGIBLE ASSETS**

#### **1.14.1 Initial Recognition**

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiability criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, the deemed cost is the carrying amount of the asset(s) given up.

#### **1.14.2 Subsequent Measurement – Cost Model**

Intangible assets are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.



### 1.14.3 Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

| Intangible Assets          | Years |
|----------------------------|-------|
| Computer Software          | 5     |
| Computer Software Licences | 5     |
| Storm Water Master Plan    | 20    |

### 1.14.4 De-recognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

### 1.14.5 Application of deemed cost (Directive 4)

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Intangible Assets the depreciated replacement cost method was used to establish the deemed cost as on 1 July 2007.

## 1.15. INVESTMENT PROPERTY

### 1.15.1 Initial Recognition

Investment property shall be recognised as an asset when, and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and
- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use, is also classified as investment property.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is measured at cost.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

#### **1.15.2 Subsequent Measurement – Cost Model**

Subsequent to initial recognition, items of investment property are measured at cost less any accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life. Buildings are depreciated over 100 years.

#### **1.15.3 De-recognition**

Investment property is derecognised when it is disposed of or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

#### **1.15.4 Application of deemed cost - Directive 4**

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2007.

### **1.16. HERITAGE ASSETS**

#### **1.16.1 Initial Recognition**

Heritage assets shall be recognised as an asset when, and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and
- the cost or fair value of the investment property can be measured reliably.

For the heritage asset to be recognised in accordance with the criteria above, it needs to be controlled by the entity as a result of past events. Even though the entity may be restricted from disposing of a heritage asset based on a stipulation imposed by, for example, a trust, statute or law, or from the transferor's stipulations, the heritage asset is still controlled by the entity when it is able to generate future economic benefits or service potential from the asset. Accordingly, the entity recognises the heritage asset when the recognition criteria is met.

Future economic benefits or service potential flowing from a heritage asset may include revenue, for example an entrance fee charged by a museum. The revenue generated by the entity under such circumstances is normally insignificant compared to the operating costs of the museum and will not result in accounting for the heritage asset as an investment property. The revenue generated is rather used towards the maintenance of the heritage asset. The heritage asset should, however, be accounted for in terms of this Standard as the heritage value attached to the specific asset constitutes its service potential.

If an entity holds an asset that might be regarded as a heritage asset but which, on initial recognition, does not meet the recognition criteria of a heritage asset because it cannot be reliably measured, relevant and useful information about it shall be disclosed in the notes to the financial statements.

A heritage asset that qualifies for recognition as an asset shall be measured at its cost. Where a heritage asset is acquired through a non-exchange transaction, its cost shall be measured at its fair value as at the date of acquisition.

The cost of a heritage asset is the cash price equivalent at the recognition date. If payment is deferred beyond normal credit terms, the difference between the cash price equivalent and the total payment is recognised as interest over the period of credit, unless such interest is recognised in the carrying amount of the heritage asset in accordance with the Standard of GRAP on *Borrowing Costs*.

#### **1.16.2 Subsequent Measurement – Cost Model**

Subsequent to initial recognition, Heritage assets are measured at cost less any accumulated impairment losses.

#### **1.16.3 De-recognition**

Heritage assets are derecognised when it is disposed of or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

#### **1.16.4 Transitional period**

*The entity has made use of the three year transitional period and will comply with the requirements of GRAP 103 by 30 June 2015. If it is deemed applicable.*

### **1.17. IMPAIRMENT OF NON-FINANCIAL ASSETS**

#### **1.17.1 Cash-generating assets**

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the municipality estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the municipality estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

#### **1.17.2 Non-cash-generating assets**

Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss recorded in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using the following approach:

- *depreciated replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of

depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

#### **1.18 NON CURRENT INVESTMENTS**

Financial instruments, which include, investments in municipal entities and fixed deposits invested in registered commercial banks, are stated at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

#### **1.19 INVENTORIES**

##### **1.19.1 Initial Recognition**

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business, unless they are to be distributed. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

##### **1.19.2 Subsequent Measurement**

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the weighted average method.

Cost of land held for sale is assigned by using specific identification of their individual costs

#### **1.20. FINANCIAL INSTRUMENTS**

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange transactions and non-exchange transactions).

#### **1. 20.1 Initial Recognition**

Financial instruments are initially recognised when the municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability

#### **1. 20.2 Subsequent Measurement**

Financial Assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial Liabilities are categorised as either at fair value, financial liabilities at cost or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation.

##### **1. 20.2.1 Receivables**

Receivables are classified as financial instruments at amortised cost, and are subsequently measured at amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest

rate, the discount rate for measuring any impairment loss is the current effective interest rate.

#### **1. 20.2.2 Payables and Annuity Loans**

Financial liabilities consist of payables and annuity loans. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

#### **1. 20.2.3 Cash and Cash Equivalents**

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

### **1. 20.3 *De-recognition of Financial Instruments***

#### **1. 20.3.1 Financial Assets**

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the municipality has transferred substantially all the risks and rewards of the asset, or (b) the municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, a new asset is recognised to the extent of the municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the municipality's continuing involvement is the amount of the transferred asset that the municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

#### **1. 20.3.2 Financial Liabilities**



A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

#### **1.20.4 Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

## **21 REVENUE**

### **1.21.1 Revenue from Non-Exchange Transactions**

Revenue from non-exchange transactions refers to transactions where the municipality received revenue without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis as an exchange transaction.

Fine revenue constitutes both spot fines and summonses. Fines are recognised as revenue when the receivables meet the definition of an asset and satisfy the criteria for recognition as an asset.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

All unclaimed deposits are initially recognised as a liability until 12 months expires, when all unclaimed deposits into the municipality's bank account will be treated as revenue as historical patterns have indicated that minimal unidentified deposits are reclaimed after a period of twelve months. This assessment is performed annually at 30 June. Therefore the substance of these transactions indicate that even though



the prescription period for unclaimed monies is legally three years, it is reasonable to recognise all unclaimed monies older than twelve months as revenue.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof is virtually certain.

Revenue is measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

### **1.21.2 Revenue from Exchange Transactions**

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered/ goods sold, the value of which approximates the consideration received or receivable.

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. An adjustment is made at year-end for unused units.

Service charges relating to refuse removal are recognised on an annual basis in advance by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage.

Service charges from sanitation (sewerage) are recognised on an annual basis in advance by applying the approved tariff to each property that has improvements.

Interest revenue is recognised using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

The amount of revenue arising on a transaction is usually determined by agreement between the entity and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the entity.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating; or
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

### **1.21.3 Grants, Transfers and Donations (Non-Exchange Revenue)**

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

## **1.22 RELATED PARTIES**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party entity and another entity are subject to common control.

### **(a) Related parties include:**

- Entities that directly, or indirectly through one or more intermediaries, control, or are controlled by the reporting entity;
- Individuals owning, directly or indirectly, an interest in the reporting entity that gives them significant influence over the entity, and close members of the family of any such individual;
- Key management personnel, and close members of the family of key management personnel; and

- Entities in which a substantial ownership interest is held, directly or indirectly, by any person described in the 2<sup>nd</sup> and 3<sup>rd</sup> bullet, or over which such a person is able to exercise significant influence.

**(b) Key management personnel include:**

- All directors or members of the governing body of the entity, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee.
- Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting entity being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

### **1.23 UNAUTHORISED EXPENDITURE**

Unauthorised expenditure is expenditure that has not been budgeted or is expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state, or is expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### **1.24 IRREGULAR EXPENDITURE**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### **1.25 FRUITLESS AND WASTEFUL EXPENDITURE**

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### **1.26 CONTINGENT LIABILITIES**

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Management judgement is required when recognising and measuring contingent liabilities.

### **1.27 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES**

In the process of applying the municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

***Post Retirement Medical Obligations, Long Service Awards and Ex Gratia Gratuities***

The cost of post retirement medical obligations, long service awards and ex-gratia gratuities are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

***Impairment of Receivables***

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

***Property, Plant and Equipment***

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

For deemed cost applied to other assets, management used the depreciated replacement cost method which was based on assumptions about the remaining duration of the assets.

For deemed cost applied to land and buildings management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

***Intangible Assets***

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

For deemed cost applied to intangible assets management used the depreciated replacement cost method which was based on assumptions about the remaining duration of the assets.

***Investment Property***

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful

life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

For deemed cost applied to Investment Property, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

### ***Provisions and Contingent liabilities***

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

### ***Revenue Recognition***

Accounting Policy 1.23.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.23.2 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions.). Specifically, whether the municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. Revenue from the issuing of spot fines and summonses has been recognised on the accrual basis using estimates of future collections based on the actual results of prior periods. The management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

### ***Provision for Landfill Sites***

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value of the expected future cash flows to rehabilitate the landfill site at year end. To the extent that the obligations relate to an asset, it is capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are charged to the Statement of Financial Performance.

### ***Provision for Task Implementation and Back Pay***

The provision at 30 June 2012 for Task Implementation represents the municipality's obligation towards qualifying officials as a result of a new national grading system for municipalities which came into effect on 1 October 2009. The calculation was based on the difference between the current basic salary compared to the basic salary as per new TASK grading. The difference between these two packages was backdated to the implementation date of the TASK grading system.

The provision at 30 June 2012 for Back Pay represents the municipality's obligation towards Section 57 Directors as a result of an amendment in their employment contracts. The calculation was based actual remuneration paid versus the requirements of the amended packages.

***Provision for Performance bonuses***

The provision for performance bonuses represents the best estimate of the obligation at year end and is based on historic patterns of payment of performance bonuses. Performance bonuses are subject to an evaluation by council.

***Provision for Staff leave***

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.

***Pre-paid electricity estimation***

Pre-paid electricity is only recognised as income once the electricity is consumed. The pre-paid electricity balance (included under payables) represents the best estimate of electricity sold at year end that is still unused. The average pre-paid electricity sold per day during the year under review is used and the estimate is calculated using between 5 and 10 days worth of unused electricity.

***Componentisation of infrastructure assets***

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to the date of initially adopting the standards of GRAP.

**1.28 TAXES – VALUE ADDED TAX**

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

**1.29 AMENDED DISCLOSURE POLICY**

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include fundamental errors, and the treatment of assets financed by external grants.

OUDTSHOORN MUNICIPALITY  
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

|   | 2013<br>R           | 2012<br>R          |
|---|---------------------|--------------------|
| <b>2 LONG-TERM LIABILITIES</b>  |                     |                    |
| Annuity Loans - At amortised cost   | 105 280 372         | 74 846 810         |
| Capitalised Lease Liability - At amortised cost   | 3 026 671           | 3 953 487          |
|   | <b>108 307 043</b>  | <b>78 800 298</b>  |
| Current Portion transferred to Current Liabilities  | <b>(16 087 815)</b> | <b>(9 971 206)</b> |
| Annuity Loans - At amortised cost   | (14 848 433)        | (8 535 127)        |
| Capitalised Lease Liability - At amortised cost   | (1 239 382)         | (1 436 078)        |
|   | <b>92 219 228</b>   | <b>68 829 092</b>  |
| <b>Total Long-term Liabilities - At amortised cost using the effective interest rate method</b> | <b>92 219 228</b>   | <b>68 829 092</b>  |

Refer below for maturity dates of long term liabilities.

The obligations under annuity loans are scheduled below:

|   | Minimum<br>annuity payments |                     |
|---|-----------------------------|---------------------|
| Amounts payable under annuity loans:        |                             |                     |
| Payable within one year                     | 29 489 998                  | 16 186 946          |
| Payable within two to five years            | 70 971 406                  | 53 075 703          |
| Payable after five years                    | 65 988 432                  | 46 021 369          |
|   | <b>166 449 836</b>          | <b>115 284 018</b>  |
| <b>Less: Future finance obligations</b>     | <b>(61 169 465)</b>         | <b>(40 437 208)</b> |
| <b>Present value of annuity obligations</b> | <b>105 280 372</b>          | <b>74 846 810</b>   |

Annuity loans at amortised cost are calculated between 10.07% and 15.67% interest rate, with the first maturity date on 31 March 2014 and the last maturity date on 30 June 2027.

The obligations under finance leases are scheduled below:

|   | Minimum<br>lease payments |                  |
|---|---------------------------|------------------|
| Amounts payable under finance leases:     |                           |                  |
| Payable within one year                   | 1 470 161                 | 1 716 791        |
| Payable within two to five years          | 1 945 097                 | 2 829 545        |
| Payable after five years                  | -                         | -                |
|   | <b>3 415 257</b>          | <b>4 546 336</b> |
| <b>Less: Future finance obligations</b>   | <b>(388 586)</b>          | <b>(592 849)</b> |
| <b>Present value of lease obligations</b> | <b>3 026 671</b>          | <b>3 953 487</b> |

Leases are secured by property, plant and equipment - Note

Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance.

OUDTSHOORN MUNICIPALITY  
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

|   | 2013<br>R          | 2012<br>R          |
|---|--------------------|--------------------|
| <b>3 EMPLOYEE BENEFITS</b>  |                    |                    |
| Post Retirement Benefits - Refer to Note 3.1  | 63 482 593         | 50 947 845         |
| Long Service Awards - Refer to Note 3.2   | 5 169 419          | 4 588 408          |
| <b>Total Non-current Employee Benefit Liabilities</b>   | <b>68 652 012</b>  | <b>55 536 253</b>  |
|   | <b>2013<br/>R</b>  | <b>2012<br/>R</b>  |
| <b><u>Post Retirement Benefits</u></b>  |                    |                    |
| Balance 1 July  | 52 741 329         | 51 285 383         |
| Contribution for the year   | (1 793 484)        | (2 049 744)        |
| Interest Cost   | 4 057 462          | 4 336 386          |
| Current Service Cost  | 2 269 822          | 2 092 651          |
| Actuarial Loss/(Gain)   | 8 196 296          | (2 923 347)        |
| <b>Total post retirement benefits 30 June</b>   | <b>65 471 425</b>  | <b>52 741 329</b>  |
| <b>Less:</b> Transfer of Current Portion - Note 6   | <b>(1 988 832)</b> | <b>(1 793 484)</b> |
| <b>Balance 30 June</b>  | <b>63 482 593</b>  | <b>50 947 845</b>  |
| <b><u>Long Service Awards</u></b>   |                    |                    |
| Balance 1 July  | 5 157 777          | 4 248 027          |
| Contribution for the year   | (569 369)          | (550 481)          |
| Interest Cost   | 316 060            | 310 434            |
| Expenditure for the year  | 675 640            | 552 693            |
| Actuarial Loss/(Gain)   | 270 131            | 597 104            |
| <b>Total long service 30 June</b>   | <b>5 850 239</b>   | <b>5 157 777</b>   |
| <b>Less:</b> Transfer of Current Portion - Note 6   | <b>(680 820)</b>   | <b>(569 369)</b>   |
| <b>Balance 30 June</b>  | <b>5 169 419</b>   | <b>4 588 408</b>   |
| <b><u>TOTAL NON-CURRENT EMPLOYEE BENEFITS</u></b>   |                    |                    |
| Balance 1 July  | 57 899 106         | 55 533 410         |
| Contribution for the year   | (2 362 853)        | (2 600 225)        |
| Interest cost   | 4 373 522          | 4 646 620          |
| Expenditure for the year  | 2 945 462          | 2 645 344          |
| Actuarial Loss/(Gain)   | 8 466 427          | (2 326 243)        |
| <b>Total employee benefits 30 June</b>  | <b>71 321 654</b>  | <b>57 899 106</b>  |
| <b>Less:</b> Transfer of Current Portion - Note 6   | <b>(2 669 652)</b> | <b>(2 362 853)</b> |
| <b>Balance 30 June</b>  | <b>68 652 012</b>  | <b>55 536 253</b>  |
|   | <b>2013<br/>R</b>  | <b>2012<br/>R</b>  |
| <b>3.1 Post Retirement Benefits</b>   |                    |                    |
| The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:    |                    |                    |
| In-service (employee) members   | 316                | 306                |
| In-service (employee) Non members   | 324                | -                  |
| Continuation members (e.g. Retirees, widows, orphans)   | 82                 | 82                 |
| <b>Total Members</b>  | <b>722</b>         | <b>388</b>         |
| The liability in respect of past service has been estimated to be as follows:                               |                    |                    |
| In-service members  | 27 266 049         | 24 923 212         |
| In-service non members  | 8 590 329          | -                  |
| Continuation members  | 29 615 047         | 27 818 117         |
| <b>Total Liability</b>  | <b>65 471 425</b>  | <b>52 741 329</b>  |
| The liability in respect of periods commencing prior to the comparative year has been estimated as follows: |                    |                    |



**OUDTSHOORN MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

**3.1 Post Retirement Benefits (Continued)**

|                        | 2011<br>R         | 2010<br>R         | 2009<br>R         |
|------------------------|-------------------|-------------------|-------------------|
| In-service members     | 20 155 009        | 14 647 811        | 13 149 905        |
| Continuation members   | 31 130 374        | 22 193 625        | 21 592 841        |
| <b>Total Liability</b> | <b>51 285 383</b> | <b>36 841 436</b> | <b>34 742 746</b> |

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bontas;  
 LA Health  
 Hosmed  
 Samwumed; and  
 Keyhealth.

Key actuarial assumptions used.

|                                 | 2013<br>% | 2012<br>% |
|---------------------------------|-----------|-----------|
| <b>i) Rate of interest</b>      |           |           |
| Discount rate                   | 8.75%     | 7.82%     |
| Health Care Cost Inflation Rate | 7.61%     | 6.83%     |
| Net Effective Discount Rate     | 1.06%     | 0.93%     |

**ii) Mortality rates**

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.

**iii) Normal retirement age**

It has been assumed that in-service members will retire at age 60, which then implicitly allows for expected rates of early and ill-health retirement.

|  | 2013<br>R         | 2012<br>R         |
|--|-------------------|-------------------|
| <b>The amounts recognised in the Statement of Financial Position are as follows:</b> |                   |                   |
| Present value of fund obligations  | 65 471 425        | 52 741 329        |
| <b>Net liability/(asset)</b>   | <b>65 471 425</b> | <b>52 741 329</b> |

The municipality has elected to recognise the full increase in this defined benefit liability immediately as per IAS 19, Employee Benefits, paragraph 155 (a).

**Reconciliation of present value of fund obligation:**

|   |                   |                   |
|---|-------------------|-------------------|
| Present value of fund obligation at the beginning of the year | 52 741 329        | 51 285 383        |
| Total expenses  | 4 533 800         | 4 379 293         |
| Current service cost  | (1 793 484)       | (2 049 744)       |
| Interest Cost   | 4 057 462         | 4 336 386         |
| Benefits Paid   | 2 269 822         | 2 092 651         |
| Actuarial (gains)/losses                                      | 8 196 296         | (2 923 347)       |
| Present value of fund obligation at the end of the year       | 65 471 425        | 52 741 329        |
| <b>Less:</b> Transfer of Current Portion - Note 6             | (1 988 832)       | (1 793 484)       |
| <b>Balance 30 June</b>  | <b>63 482 593</b> | <b>50 947 845</b> |

**Sensitivity Analysis on the Accrued Liability**

| Assumption          | In-service members<br>liability<br>(Rm) | Continuation<br>members liability<br>(Rm) | Total liability<br>(Rm) |
|---------------------|---|---|-------------------------|
| Central Assumptions | 35.856                                  | 29.615                                    | 65.471                  |

The effect of movements in the assumptions are as follows:

| Assumption                | Change  | In-service members<br>liability<br>(Rm) | Continuation<br>members liability<br>(Rm) | Total liability<br>(Rm) | % change |
|---------------------------|---------|---|---|-------------------------|----------|
| Health care inflation     | 1%      | 43.351                                  | 32.928                                    | 76.279                  | 17%      |
| Health care inflation     | -1%     | 29.93                                   | 26.765                                    | 56.695                  | -13%     |
| Post-retirement mortality | -1 year | 37.037                                  | 30.744                                    | 67.781                  | 4%       |
| Average retirement age    | -1 year | 38.634                                  | 29.615                                    | 68.249                  | 4%       |
| Withdrawal Rate           | -50%    | 39.342                                  | 29.615                                    | 68.957                  | 5%       |



**OUTDSHOORN MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

|   | 2013<br>R                   | 2012<br>R                   |
|---|-----------------------------|-----------------------------|
| <b>3.3 Retirement funds</b>   |                             |                             |
| <p>The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.</p> <p>As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.</p> <p>Therefore, although both the Cape Joint Pension Fund and Cape Joint Retirement Fund are defined as defined benefit plans, it will be accounted for as defined contribution plans. All requirements disclosed has been made as defined in GRAP 25 31</p> |                             |                             |
| <b><u>CAPE JOINT PENSION FUND</u></b>   |                             |                             |
| <p>The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2012 revealed that the fund is in a sound financial position with a funding level of 99.4% (30 June 2011 - 98.1%).</p>  |                             |                             |
| Contributions paid recognised in the Statement of Financial Performance   | 108 231                     | 134 646                     |
| <b><u>CAPE RETIREMENT FUND</u></b>  |                             |                             |
| <p>The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2012 revealed that the fund is in a sound financial position with a funding level of 108% (30 June 2011 - 116.9%).</p>  |                             |                             |
| Contributions paid recognised in the Statement of Financial Performance   | 14 752 464                  | 12 598 723                  |
| Contributions paid recognised in the Statement of Financial Performance   |                             |                             |
| Municipal Councillors Pension Fund  | -                           | 52 005                      |
| Oudtshoorn Municipal Workers Annuity Fund   | 4 629 913                   | 4 281 403                   |
| Cape Joint Retirement Fund for Councillors  | 408 301                     | 334 623                     |
|   | <u>5 038 214</u>            | <u>4 668 031</u>            |
|   | <b>2013<br/>R</b>           | <b>2012<br/>R</b>           |
| <b>4 NON-CURRENT PROVISIONS</b>   |                             |                             |
| Provision for Rehabilitation of Landfill-sites  | 78 904 388                  | 75 891 980                  |
| <b>Total Non-current Provisions</b>   | <u><b>78 904 388</b></u>    | <u><b>75 891 980</b></u>    |
|   | <b>2013<br/>R</b>           | <b>2012<br/>R</b>           |
| <b><u>Landfill Sites</u></b>  |                             |                             |
| Balance 1 July  | 79 462 640                  | 79 357 815                  |
| Contribution for the year   | 4 767 756                   | 104 825                     |
| <b>Total provision 30 June</b>  | <u><b>84 230 396</b></u>    | <u><b>79 462 640</b></u>    |
| <b>Less:</b> Transfer of Current Portion to Current Provisions - Note 7   | <u>(5 326 010)</u>          | <u>(3 570 660)</u>          |
| <b>Balance 30 June</b>  | <u><b>78 904 386</b></u>    | <u><b>75 891 980</b></u>    |
| The landfill sites consist of the following solid waste disposal sites with a remaining useful life of  |                             |                             |
|   | <b>2013<br/>No of Years</b> | <b>2012<br/>No of Years</b> |
| Grootkop Landfill   | 42                          | 43                          |
| Dysselsdorp Landfill  | 1                           | 1                           |
| De Rust Landfill  | 1                           | 2                           |

OUDTSHOORN MUNICIPALITY  
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

|  | 2013<br>R        | 2012<br>R        |
|--|------------------|------------------|
| <b>5 CONSUMER DEPOSITS</b>                                       |                  |                  |
| Electricity  | 2 585 830        | 2 429 522        |
| Water  | 2 903 075        | 2 720 621        |
| Other  | -                | -                |
| <b>Total Consumer Deposits</b>                                   | <b>5 488 905</b> | <b>5 150 143</b> |
| <b>Guarantees held in lieu of Electricity and Water Deposits</b> | <b>-</b>         | <b>-</b>         |

The fair value of consumer deposits approximate their carrying value. Interest are not paid on these amounts.

|  | 2013<br>R         | 2012<br>R         |
|--|-------------------|-------------------|
| <b>6 CURRENT EMPLOYEE BENEFITS</b>                   |                   |                   |
| Current Portion of Post Retirement Benefits - Note 3 | 1 988 832         | 1 793 484         |
| Current Portion of Long-Service Provisions - Note 3  | 680 820           | 569 369           |
| Staff Leave  | 6 989 258         | 6 045 522         |
| Bonuses  | 3 360 941         | 3 088 731         |
| TASK Evaluation                                      | 480 056           | 4 538 519         |
| <b>Total Current Employee Benefits</b>               | <b>13 499 907</b> | <b>16 035 625</b> |

The movement in current employee benefits are reconciled as follows:

**Staff Leave**

|                                 |                  |                  |
|---------------------------------|------------------|------------------|
| Balance at beginning of year    | 6 045 522        | 5 707 247        |
| Contribution to current portion | 1 523 482        | 692 633          |
| Expenditure incurred            | (579 746)        | (354 359)        |
| <b>Balance at end of year</b>   | <b>6 989 258</b> | <b>6 045 522</b> |

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement

**Bonuses**

|                                 |                  |                  |
|---------------------------------|------------------|------------------|
| Balance at beginning of year    | 2 837 692        | 2 714 631        |
| Contribution to current portion | 5 962 220        | 5 185 389        |
| Expenditure incurred            | (5 611 615)      | (5 062 328)      |
| <b>Balance at end of year</b>   | <b>3 188 297</b> | <b>2 837 692</b> |

**Performance Bonuses**

|                                 |                |                |
|---------------------------------|----------------|----------------|
| Balance at beginning of year    | 251 039        | -              |
| Contribution to current portion | (78 395)       | 251 039        |
| <b>Balance at end of year</b>   | <b>172 644</b> | <b>251 039</b> |

**Pension fund shortages**

|                                 |          |           |
|---------------------------------|----------|-----------|
| Balance at beginning of year    | -        | 357 343   |
| Contribution to current portion | -        | 30 542    |
| Expenditure incurred            | -        | (387 884) |
| <b>Balance at end of year</b>   | <b>-</b> | <b>-</b>  |

It was reported that the established investment return of the fund for the past financial year was -0.94%. Local authorities, including the Economic Entity, associated with the fund are under an obligation to contribute pro-rata to the fund such a sum as will make up for any shortfall between the actual earnings and an investment return of 5.5% on all its assets. The municipality has paid the shortfall over to the retirement fund.

**TASK Evaluation**

|                                 |                |                  |
|---------------------------------|----------------|------------------|
| Balance at beginning of year    | 4 538 519      | 1 077 065        |
| Contribution to current portion | -              | 3 461 454        |
| Expenditure incurred            | (4 058 463)    | -                |
| <b>Balance at end of year</b>   | <b>480 056</b> | <b>4 538 519</b> |

The Categorisation and Job Evaluation Wage Curves Collective Agreement became effective on 1 July 2010. Hereby all employees (excluding Municipal Manager, Section 57 Managers and contractual employees) are to receive new wage rates as a result of their jobs being evaluated as per the TASK Job Evaluation System and published by SALGBC. Qualifying employees will receive back pay as from 1 October 2009 as per clause 7.2.6 of the Collective Agreement.

**ODTSHOORN MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

|           |   | 2013<br>R         | 2012<br>R         |
|-----------|---|-------------------|-------------------|
| <b>7</b>  | <b>PROVISIONS</b>   |                   |                   |
|           | Current Portion of Rehabilitation of Landfill-sites - Note 3  | 5 326 010         | 3 570 660         |
|           | <b>Total Provisions</b>   | <b>5 326 010</b>  | <b>3 570 660</b>  |
|           |   | <b>2013<br/>R</b> | <b>2012<br/>R</b> |
| <b>8</b>  | <b>PAYABLES FROM EXCHANGE TRANSACTIONS</b>  |                   |                   |
|           | Trade Payables  | 75 996            | 16 482            |
|           | Pre-paid electricity  | 186 657           | 333 590           |
|           | Sundry Creditors  | 26 201 610        | 25 934 250        |
|           | Payments received in advance  | 4 261 867         | 3 627 296         |
|           | Retention fees  | 369 719           | 101 419           |
|           | Workmans Compensation   | -                 | 579 985           |
|           | Unallocated funds debtors   | 1 585 604         | 1 215 565         |
|           | Sundry Deposits   | 1 083 542         | 863 824           |
|           | <b>Total Trade Payables</b>   | <b>33 764 995</b> | <b>32 672 311</b> |
|           | Payables are being recognised net of any discounts.   |                   |                   |
|           | Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary |                   |                   |
|           | The carrying value of trade and other payables approximates its fair value.   |                   |                   |
|           | Sundry deposits include hall, builders and housing Deposits   |                   |                   |
|           |   | <b>2013<br/>R</b> | <b>2012<br/>R</b> |
| <b>9</b>  | <b>UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS</b>   |                   |                   |
|           | <b>Unspent Grants</b>   | 12 524 017        | 8 142 814         |
|           | National Government Grants  | 1 667 971         | 1 919 203         |
|           | Provincial Government Grants  | 10 694 205        | 6 061 770         |
|           | District Municipality   | 161 841           | 161 841           |
|           | <b>Less: Unpaid Grants</b>  | 981 375           | 62 020            |
|           | National Government Grants  | 981 375           | 62 020            |
|           | Provincial Government Grants  | -                 | -                 |
|           | <b>Total Conditional Grants and Receipts</b>  | <b>11 542 642</b> | <b>8 080 794</b>  |
|           | See appendix "D" for reconciliation of grants from other spheres of government. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld  |                   |                   |
|           |   | <b>2013<br/>R</b> | <b>2012<br/>R</b> |
| <b>10</b> | <b>UNSPENT PUBLIC CONTRIBUTIONS</b>   |                   |                   |
|           | Tuiniqua Consulting Engineers   | 111 200           | 111 200           |
|           | Alpha aan den Rijn  | -                 | -                 |
|           | Klein Karoo Agri  | 1 851             | 1 851             |
|           | National Lottery  | 14 020            | 14 020            |
|           | Donation N.A. Smit  | 117 303           | 117 303           |
|           | Umsobombo Youth Fund  | -                 | -                 |
|           | <b>Total Unspent Public Contributions</b>   | <b>244 374</b>    | <b>244 374</b>    |
|           | <b>Reconciliation of public contributions</b>   |                   |                   |
|           | Opening balance   | 244 375           | 119 087           |
|           | Contributions received  | 120 000           | 270 000           |
|           | Conditions met - Transferred to revenue   | (120 000)         | (144 712)         |
|           | <b>Closing balance</b>  | <b>244 375</b>    | <b>244 375</b>    |
|           | <b>Tuiniqua Consulting Engineers</b>  |                   |                   |
|           | Opening balance   | 111 200           | 111 200           |
|           | Contributions received  | -                 | -                 |
|           | Conditions met - Transferred to revenue   | -                 | -                 |
|           | <b>Closing balance</b>  | <b>111 200</b>    | <b>111 200</b>    |
|           | An amount was conditionally donated towards a study bursary for an engineering student  |                   |                   |

OUDTSHOORN MUNICIPALITY  
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

|      |   | 2013<br>R         | 2012<br>R         |
|------|---|-------------------|-------------------|
| 10   | <b>UNSPENT PUBLIC CONTRIBUTIONS (Continued)</b>                           |                   |                   |
|      | <b>Klein Karoo Agri</b>   |                   |                   |
|      | Opening balance   | 1 851             | 1 851             |
|      | Contributions received  | -                 | -                 |
|      | Conditions met - Transferred to revenue                                   | -                 | -                 |
|      | Closing balance   | <u>1 851</u>      | <u>1 851</u>      |
|      | Donation towards the erection of a gravestone at the Suikerbult graveyard |                   |                   |
|      | <b>National Lottery</b>   |                   |                   |
|      | Opening balance   | 14 020            | 14 020            |
|      | Contributions received  | -                 | -                 |
|      | Conditions met - Transferred to revenue                                   | -                 | -                 |
|      | Closing balance   | <u>14 020</u>     | <u>14 020</u>     |
|      | Donation towards the upgrading of rural sport facilities                  |                   |                   |
|      | <b>Donation N.A. Smit</b>   |                   |                   |
|      | Opening balance   | 117 303           | 117 303           |
|      | Contributions received  | -                 | -                 |
|      | Conditions met - Transferred to revenue                                   | -                 | -                 |
|      | Closing balance   | <u>117 303</u>    | <u>117 303</u>    |
|      | Donation for a study bursary  |                   |                   |
|      | <b>Standard Bank Sport Development</b>                                    |                   |                   |
|      | Opening balance   | -                 | (125 288)         |
|      | Contributions received  | 120 000           | 270 000           |
|      | Conditions met - Transferred to revenue                                   | (120 000)         | (144 712)         |
|      | Closing balance   | <u>-</u>          | <u>-</u>          |
|      |   | <b>2013<br/>R</b> | <b>2012<br/>R</b> |
| 11   | <b>TAXES</b>  |                   |                   |
| 11.1 | <b>VAT PAYABLE</b>  |                   |                   |
|      | VAT Payable   | 12 523 066        | 34 712 038        |
|      | Total Vat payable   | <u>12 523 066</u> | <u>34 712 038</u> |
| 11.2 | <b>VAT RECEIVABLE</b>   |                   |                   |
|      | VAT input in suspense   | 15 317 851        | 39 707 547        |
|      | Total VAT receivable  | <u>15 317 851</u> | <u>39 707 547</u> |
| 11.3 | <b>NET VAT RECEIVABLE/(PAYABLE)</b>                                       | <u>2 794 784</u>  | <u>4 995 509</u>  |
|      | VAT is receivable/payable on the cash basis.                              |                   |                   |

PPE NOTES PLEASE REPLACE

PPE NOTES PLEASE REPLACE



**ODTSHOORN MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

**12 PROPERTY, PLANT AND EQUIPMENT (Continued)**

**12.1 Assets pledged as security:**

All the assets which are obtained by financial leases are pledged as security. See Annexure- A, for a comprehensive description

**13 NON CURRENT ASSETS HELD FOR SALE**

Non-current assets held for sale at beginning of year - at book value

Additions for the year

Investment Property

Land and Buildings

2013  
R

2012  
R

|  |                |          |
|--|----------------|----------|
|  | -              | -        |
|  | 315 225        | -        |
|  | 254 108        | -        |
|  | 61 117         | -        |
|  |                |          |
|  | <b>315 225</b> | <b>-</b> |

Non-current assets held for sale at end of year - at book value

**14 HERITAGE ASSETS**

GRAP 103 should be applied retrospectively. Previously, no prescriptive accounting requirements existed for heritage assets. Although GRAP 103 should be applied retrospectively, entities are granted a period of three years in which to measure their heritage assets. These transitional provisions are similar to those granted to medium and low capacity municipalities for other asset-related Standards. Entities would need to develop a policy for distinguishing heritage and other assets such as property, plant and equipment, investment properties, inventories, intangible assets etc., and apply this policy in identifying heritage assets that are to be included in the asset register.

The potential heritage assets identified consist of but are not limited to:

**CP Nel Museum Building**

The building reflects a late Victorian Colonial style of a classical building. In 1980 the building complex was declared a National Monument.

2013  
R

2012  
R

**15 CAPITALISED RESTORATION COST**

Net Carrying amount at 1 July

9 298 182

9 548 825

Cost

Accumulated Depreciation

Accumulated Impairments

|             |             |
|-------------|-------------|
| 15 792 641  | 15 792 641  |
| (6 107 781) | (5 879 374) |
| (386 679)   | (364 443)   |

Movement

(331 559)

(250 643)

Depreciation for the year

Impairment

|           |           |
|-----------|-----------|
| (227 206) | (228 407) |
| (104 353) | (22 236)  |

Net Carrying amount at 30 June

8 966 622

9 298 182

Cost

Accumulated Depreciation

Accumulated Impairment

|             |             |
|-------------|-------------|
| 15 792 641  | 15 792 641  |
| (6 334 887) | (6 107 781) |
| (491 032)   | (386 679)   |

2013  
R

2012  
R

**16 INVESTMENT PROPERTY**

Net Carrying amount at 1 July

86 278 252

86 401 168

Cost

Accumulated Depreciation

Prior period error on cost- refer note 36

Transfer cost to non current assets held for sale

Depreciation for the year

|             |             |
|-------------|-------------|
| 87 877 700  | 87 598 700  |
| (1 599 448) | (1 197 532) |
|             | 279 000     |
| (254 108)   | -           |
| (399 467)   | (401 916)   |

Net Carrying amount at 30 June

85 624 677

86 278 252

Cost

Accumulated Depreciation

|             |             |
|-------------|-------------|
| 87 623 592  | 87 877 700  |
| (1 998 916) | (1 599 448) |

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements

Revenue derived from the rental of investment property

2 765 074

2 263 053

**OUDTSHOORN MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

|                                       | 2013<br>R      | 2012<br>R      |
|---------------------------------------|----------------|----------------|
| <b>17 INTANGIBLE ASSETS</b>           |                |                |
| <b>Computer Software</b>              |                |                |
| <b>Net Carrying amount at 1 July</b>  | <b>191 669</b> | <b>253 578</b> |
| Cost                                  | 631 682        | 631 682        |
| Accumulated Amortisation              | (440 013)      | (378 104)      |
| Additions                             | 257 996        | -              |
| Amortisation                          | (71 611)       | (85 880)       |
| Correction of error refer note 36     | -              | 23 971         |
| <b>Net Carrying amount at 30 June</b> | <b>378 054</b> | <b>191 669</b> |
| Cost                                  | 889 678        | 631 682        |
| Accumulated Amortisation              | (511 624)      | (440 013)      |

No intangible asset were assessed as having an indefinite useful life. There are no internally generated intangible assets at reporting date. There are no intangible assets whose title is restricted. There are no intangible assets pledged as security for liabilities. There are no contractual commitments for the acquisition of intangible assets.

|   | 2013<br>R        | 2012<br>R        |
|---|------------------|------------------|
| <b>18 INVENTORY</b>   |                  |                  |
| Maintenance Materials - At cost   | 1 146 222        | 1 166 093        |
| Prior Period error refer note 36  | -                | 151 730          |
| Water – at cost   | 223 562          | 249 265          |
| <b>Total Inventory</b>  | <b>1 369 784</b> | <b>1 567 089</b> |
| Consumable stores materials written down due to losses as identified during the annual stores counts. | -                | <b>132 443</b>   |
| Consumable stores materials surpluses identified during the annual stores counts.                     | -                | -                |
| Inventory recognised as an expense during the year  | <b>781 682</b>   | <b>223 514</b>   |

OUDTSHOORN MUNICIPALITY  
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

|  | 2013<br>R         | 2012<br>R         |
|--|-------------------|-------------------|
| <b>19 RECEIVABLES FROM EXCHANGE TRANSACTIONS</b>   |                   |                   |
| Electricity  | 16 320 223        | 12 758 297        |
| Water  | 24 225 956        | 19 175 673        |
| Refuse   | 13 458 472        | 13 346 111        |
| Klein Karoo Water scheme   | 3 580 299         | 3 151 661         |
| Sewerage   | 15 101 682        | 13 602 929        |
| Payments received in advance   | 3 722 341         | 3 384 570         |
| Units not billed   | 3 756 619         | 3 371 831         |
| Housing Rentals  | 570               | 386               |
| Other  | 5 691 531         | 7 282 669         |
| <b>Total Receivables from Exchange Transactions</b>  | <b>85 657 693</b> | <b>76 074 127</b> |
| Less: Allowance for Doubtful Debts   | (39 095 144)      | (33 489 309)      |
| <b>Total Net Receivables from Exchange Transactions</b>  | <b>46 762 549</b> | <b>42 584 818</b> |
| Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary. |                   |                   |
| Ageing of Receivables from Exchange Transactions:  |                   |                   |
| <b><u>(Electricity): Ageing</u></b>  |                   |                   |
| Current (0 - 30 days)  | 10 618 285        | 9 048 906         |
| 31 - 60 Days   | 495 658           | 337 477           |
| 61 - 90 Days   | 376 737           | 317 223           |
| + 90 Days  | 4 829 543         | 3 054 691         |
| <b>Total</b>   | <b>16 320 223</b> | <b>12 758 297</b> |
| <b><u>(Water): Ageing</u></b>  |                   |                   |
| Current (0 - 30 days)  | 2 049 990         | 2 708 832         |
| 31 - 60 Days   | 1 195 834         | 1 067 827         |
| 61 - 90 Days   | 1 032 500         | 1 015 802         |
| + 90 Days  | 19 947 632        | 14 383 212        |
| <b>Total</b>   | <b>24 225 956</b> | <b>19 175 673</b> |
| <b><u>(Refuse): Ageing</u></b>   |                   |                   |
| Current (0 - 30 days)  | 890 841           | 699 122           |
| 31 - 60 Days   | 298 905           | 274 649           |
| 61 - 90 Days   | 261 526           | 256 228           |
| + 90 Days  | 12 007 200        | 12 116 111        |
| <b>Total</b>   | <b>13 458 472</b> | <b>13 346 111</b> |
| <b><u>(Klein Karoo Water Scheme): Ageing</u></b>   |                   |                   |
| Current (0 - 30 days)  | 531 644           | 393 068           |
| 31 - 60 Days   | 102 572           | 140 375           |
| 61 - 90 Days   | 91 758            | 82 308            |
| + 90 Days  | 2 854 325         | 2 535 911         |
| <b>Total</b>   | <b>3 580 299</b>  | <b>3 151 661</b>  |

OUDTSHOORN MUNICIPALITY  
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

|   | 2013<br>R         | 2012<br>R         |
|---|-------------------|-------------------|
| 19 RECEIVABLES FROM EXCHANGE TRANSACTIONS (Continued)   |                   |                   |
| <u>(Sewerage): Ageing</u>   |                   |                   |
| Current (0 - 30 days)   | 1 444 684         | 172 779           |
| 31 - 60 Days  | 409 738           | 371 385           |
| 61 - 90 Days  | 336 498           | 354 687           |
| + 90 Days   | 12 910 762        | 12 704 078        |
| <b>Total</b>  | <b>15 101 682</b> | <b>13 602 929</b> |
| <u>(Payments received in Advance): Ageing</u>   |                   |                   |
| Current (0 - 30 days)   | 3 722 341         | 3 384 570         |
| <b>Total</b>  | <b>3 722 341</b>  | <b>3 384 570</b>  |
| <u>(Units not billed): Ageing</u>   |                   |                   |
| Current (0 - 30 days)   | 3 756 619         | 3 371 831         |
| <b>Total</b>  | <b>3 756 619</b>  | <b>3 371 831</b>  |
| <u>(Rent): Ageing</u>   |                   |                   |
| + 90 Days   | 570               | 386               |
| <b>Total</b>  | <b>570</b>        | <b>386</b>        |
| <u>(Other): Ageing</u>  |                   |                   |
| Current (0 - 30 days)   | 200 036           | 1 129 202         |
| 31 - 60 Days  | 31 494            | 29 577            |
| 61 - 90 Days  | 16 537            | 35 892            |
| + 90 Days   | 5 443 464         | 6 087 997         |
| <b>Total</b>  | <b>5 691 531</b>  | <b>7 282 669</b>  |
| <u>(Total): Ageing</u>  |                   |                   |
| Current (0 - 30 days)   | 23 214 442        | 21 272 155        |
| 31 - 60 Days  | 2 534 200         | 2 221 291         |
| 61 - 90 Days  | 2 115 556         | 2 062 141         |
| + 90 Days   | 57 993 495        | 50 518 540        |
| <b>Total</b>  | <b>85 857 693</b> | <b>76 074 127</b> |
| <b>Reconciliation of Provision for Bad Debts</b>  |                   |                   |
| Balance at beginning of year  | 33 489 309        | 28 450 946        |
| Contribution to provision   | 11 225 977        | 5 038 363         |
| Bad Debts Written Off   | (5 620 142)       | -                 |
| <b>Balance at end of year</b>   | <b>39 095 144</b> | <b>33 489 309</b> |
| Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables. |                   |                   |
| <b>Trade and other receivables past due but not impaired</b>  |                   |                   |
| The ageing of receivables from exchange transactions past due but not impaired is as follows.   |                   |                   |
| <u>Neither past due nor impaired</u>  |                   |                   |
| Current ( 0-30 days)  | 18 732 262        | 16 954 949        |
| <u>Past due and not impaired</u>  |                   |                   |
| 1 month past due  | 2 534 200         | 2 221 291         |
| 2+ months past due  | 2 115 556         | 2 062 141         |
|   | <b>23 382 018</b> | <b>21 238 381</b> |

**ODTSHOORN MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

|   | 2013<br>R         | 2012<br>R         |
|---|-------------------|-------------------|
| <b>20 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS</b>  |                   |                   |
| Rates   | 16 110 788        | 14 774 965        |
| Other Receivables   | 16 973 307        | 14 905 535        |
| Payments in advance   | 539 526           | 242 726           |
| Suspense Debtors  | 16 433 781        | 4 782 863         |
| Correction of error refer note 36   | -                 | 9 879 945         |
| <b>Total Receivables from Non-Exchange Transactions</b>   | <b>33 084 095</b> | <b>29 680 499</b> |
| Less: Allowance for Doubtful Debts  | (5 842 557)       | (5 854 128)       |
| <b>Total Net Receivables from Non-Exchange Transactions</b>   | <b>27 241 538</b> | <b>23 826 372</b> |
| Ageing of Receivables from Non-Exchange Transactions:   |                   |                   |
| <u>(Rates): Ageing</u>  |                   |                   |
| Current (0 - 30 days)   | 3 218 337         | 2 693 637         |
| 31 - 60 Days  | 589 340           | 475 872           |
| 61 - 90 Days  | 456 107           | 427 180           |
| + 90 Days   | 11 847 004        | 11 178 276        |
| <b>Total</b>  | <b>16 110 788</b> | <b>14 774 965</b> |
| <b>Reconciliation of Provision for Bad Debts</b>  |                   |                   |
| Balance at beginning of year  | 5 854 128         | 5 289 365         |
| Contribution to provision   | 1 728 586         | 582 925           |
| Bad Debts Written Off   | (1 740 157)       | (18 182)          |
| <b>Balance at end of year</b>   | <b>5 842 557</b>  | <b>5 854 128</b>  |
| Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables. |                   |                   |
| <b>Trade and other receivables past due but not impaired</b>  |                   |                   |
| The ageing of receivables from non exchange transactions past due but not impaired is as follows:   |                   |                   |
| <u>Neither past due nor impaired</u>  |                   |                   |
| Current ( 0-30 days)  | 3 537 307         | 2 928 297         |
| <u>Past due and not impaired</u>  |                   |                   |
| 1 month past due  | 588 652           | 475 872           |
| 2+ months past due  | 455 492           | 427 180           |
|   | <b>4 581 452</b>  | <b>3 831 349</b>  |
|   | <b>2013<br/>R</b> | <b>2012<br/>R</b> |
| <b>21 OPERATING LEASE ARRANGEMENTS</b>  |                   |                   |
| <b>21.1 The Municipality as Lessee (Liability)</b>  |                   |                   |
| Balance on 1 July   | -                 | 19 641            |
| Movement during the year  | -                 | (19 641)          |
| <b>Balance on 30 June</b>   | <b>-</b>          | <b>-</b>          |
| <b>21.2 The Municipality as Lessor (Asset)</b>  |                   |                   |
| Balance on 1 July   | 1 240 766         | 575 691           |
| Movement during the year  | 524 979           | 502 134           |
| Correction of error refer note 36   | -                 | 162 942           |
| <b>Balance on 30 June</b>   | <b>1 765 745</b>  | <b>1 240 766</b>  |
| At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:   |                   |                   |
| Up to 1 Year  | 1 249 045         | 1 013 792         |
| 1 to 5 Years  | 5 427 772         | 4 374 383         |
| More than 5 Years   | 22 214 152        | 20 517 280        |
| <b>Total Operating Lease Arrangements</b>   | <b>28 890 969</b> | <b>25 905 456</b> |
| This lease income was determined from contracts that have a specific conditional income and does not include lease income which has a undetermined conditional income   |                   |                   |
| The leases are in respect of land and buildings being leased out for several purposes.  |                   |                   |

OUDTSHOORN MUNICIPALITY  
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

|  | 2013<br>R         | 2012<br>R         |
|--|-------------------|-------------------|
| <b>22 CASH AND CASH EQUIVALENTS</b>  |                   |                   |
| <b><u>Assets</u></b>   |                   |                   |
| Call Investments Deposits  | 9 487 635         | 12 107 740        |
| Bank Accounts  | 7 476 436         | 3 446 204         |
| Cash Floats  | 10 534            | 10 534            |
| <b>Total Cash and Cash Equivalents - Assets</b>  | <b>16 974 605</b> | <b>15 564 478</b> |
| <b><u>Liabilities</u></b>  |                   |                   |
| Primary Bank Account   | -                 | -                 |
| <b>Total Cash and Cash Equivalents - Liabilities</b>   | <b>-</b>          | <b>-</b>          |
| Cash and cash equivalents comprises of cash held and short term deposits. The carrying amount of these assets approximates their fair value. |                   |                   |
| Call Investment Deposits to an amount of R 9,487,635 is held to fund the Unspent Conditional Grants (2012: R 12,107,740)                     |                   |                   |
| The municipality has the following bank accounts:  |                   |                   |
| <b><u>Current Accounts-Cash book balances</u></b>  |                   |                   |
| Standard Bank George-Account Number 082796068 (Primary Bank Account)   | 6 671 544         | 1 269 878         |
| Standard Bank George-Account Number 082795754 (Primary Bank Account)   | 575 757           | 1 083 648         |
| Standard Bank George-Account Number 082797331 (KKWS)   | (105 964)         | 30 802            |
| Standard Bank George-Account Number 082795428 (Traffic Account)  | 335 098           | 1 061 876         |
|  | <b>7 476 436</b>  | <b>3 446 204</b>  |
| Cash book balance at beginning of year   | 3 446 204         | 13 810 710        |
| Cash book balance at end of year   | 7 476 436         | 3 446 204         |
| <b><u>Standard Bank George-Account Number 082796068 (Primary Bank Account)</u></b>   |                   |                   |
| Bank statement balance at beginning of year  | 2 368 086         | 11 339 935        |
| Bank statement balance at end of year  | 6 711 610         | 2 368 086         |
| <b><u>Standard Bank George-Account Number 082795754 (Primary Bank Account)</u></b>   |                   |                   |
| Bank statement balance at beginning of year  | 321 992           | 451 902           |
| Bank statement balance at end of year  | 192 713           | 321 992           |
| <b><u>Standard Bank George-Account Number 082795428 (Traffic Account)</u></b>  |                   |                   |
| Bank statement balance at beginning of year  | 1 061 876         | 1 162 871         |
| Bank statement balance at end of year  | 335 098           | 1 061 876         |
| <b><u>Standard Bank George-Account Number 082797331 (KKWS)</u></b>   |                   |                   |
| Bank statement balance at beginning of year  | 93 870            | 91 720            |
| Bank statement balance at end of year  | 41 959            | 93 870            |
| <b><u>Call Investment Deposits</u></b>   |                   |                   |
| Call investment deposits consist out of the following accounts:  |                   |                   |
| Nedbank Account nr 03/7881001143/000/122   | 5 006 507         | -                 |
| Absa Account nr 20-6768-1100   | 874 268           | 830 468           |
| Standard Account nr 488731232002/015   | -                 | 9 071 098         |
| Standard Account nr 488731232002/016   | 16 186            | -                 |
| Standard Account nr 488731232001   | 1 767 915         | 1 691 285         |
| FNB Account nr RU000105050 Income Plus   | 540 991           | 514 888           |
| FNB Account nr RU500675290   | 1 281 767         | -                 |
|  | <b>9 487 635</b>  | <b>12 107 740</b> |
| The municipality is also exposed to a number of guarantees issued in favour of trade creditors. These guarantees are listed below:           |                   |                   |
| Guarantee held at Standard Bank of South Africa in the favour of ESKOM   | 409 100           | 409 100           |
| Guarantee held at Standard Bank of South Africa in the favour of Automated Fuel Systems.   | 200 000           | 200 000           |
|  | <b>609 100</b>    | <b>609 100</b>    |

OUDTSHOORN MUNICIPALITY  
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

|      |   | 2013<br>R            | 2012<br>R            |
|------|---|----------------------|----------------------|
| 23   | <b>PROPERTY RATES</b>   |                      |                      |
|      | <u>Actual</u>   |                      |                      |
|      | Rateable Land and Buildings   | 49 962 194           | 43 580 937           |
|      | Property taxes  | 49 962 194           | 43 580 937           |
|      | Less: Rebates   | (3 112 178)          | (2 646 470)          |
|      | <b>Total Assessment Rates</b>   | <b>46 850 016</b>    | <b>40 934 467</b>    |
|      | <u>Valuations - 1 JULY 2012</u>   |                      |                      |
|      | Rateable Land and Buildings   |                      |                      |
|      | Residential   | 4 241 321 000        | 3 760 705 745        |
|      | Business & Commercial   | 1 034 287 000        | 822 853 840          |
|      | Churches  | 167 376 000          | 207 469 150          |
|      | Government  | 622 980 000          | 601 678 150          |
|      | Pensioners  | 12 538 000           | 4 836 750            |
|      | Other   | 457 180 600          | 165 555 200          |
|      | Agricultural  | 1 044 907 000        | 772 802 990          |
|      | <b>Total Assessment Rates</b>   | <b>7 580 589 600</b> | <b>6 335 901 825</b> |
|      | Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2012   |                      |                      |
|      | <b>Rates:</b>   |                      |                      |
|      | Residential   | .757273c/R           | .724663c/R           |
|      | Government  | .101341c/R           | .969768c/R           |
|      | Commercial  | .101341c/R           | .969768c/R           |
|      | Agricultural  | .094659c/R           | .090583c/R           |
|      | Rates are levied annually and monthly. Monthly rates are payable by the 7th of the following month and annual rates are payable before 30 September. Interest is levied at the prime rate on outstanding monthly rates. |                      |                      |
|      | Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.   |                      |                      |
| 24   | <b>GOVERNMENT GRANTS AND SUBSIDIES</b>  |                      |                      |
|      | <b>Unconditional Grants</b>   | <b>44 928 000</b>    | <b>39 490 000</b>    |
|      | Equitable Share   | 43 034 000           | 37 596 000           |
|      | Water Affairs   | 1 894 000            | 1 894 000            |
|      | <b>Conditional Grants</b>   | <b>64 549 726</b>    | <b>48 111 517</b>    |
|      | Grants and donations  | 64 549 726           | 48 111 517           |
|      | <b>Total Government Grants and Subsidies</b>  | <b>109 477 726</b>   | <b>87 601 517</b>    |
|      | Government Grants and Subsidies - Capital   | 37 658 684           | 30 944 037           |
|      | Government Grants and Subsidies - Operating   | 71 819 042           | 56 657 480           |
|      |   | <b>109 477 726</b>   | <b>87 601 517</b>    |
|      | The municipality does not expect any significant changes to the level of grants   |                      |                      |
| 24.1 | <b>Equitable share</b>  |                      |                      |
|      | Grants received   | 43 034 000           | 37 596 000           |
|      | Conditions met - Operating  | (43 034 000)         | (37 596 000)         |
|      | Conditions met - Capital  | -                    | -                    |
|      | Conditions still to be met  | -                    | -                    |
|      | The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.      |                      |                      |
| 24.2 | <b>Extended Public Works Program</b>  |                      |                      |
|      | Opening balance   | 1 068 203            | 497 872              |
|      | Grants received   | 2 350 000            | 3 553 000            |
|      | Conditions met - Operating  | (4 130 257)          | (2 982 669)          |
|      | Conditions met - Capital  | (253 059)            | -                    |
|      | Conditions still to be met  | (965 113)            | 1 068 203            |
|      | Job creation projects in previous disadvantage areas  |                      |                      |
| 24.3 | <b>Finance Management Grant</b>   |                      |                      |
|      | Opening balance   | -                    | -                    |
|      | Grants received   | 1 250 000            | 1 250 000            |
|      | Conditions met - Operating  | (1 248 159)          | (1 222 210)          |
|      | Conditions met - Capital  | (1 841)              | (27 790)             |
|      | Conditions still to be met  | -                    | -                    |
|      | The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003.                                    |                      |                      |

**ODTSHOORN MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

|  | 2013<br>R        | 2012<br>R        |
|--|------------------|------------------|
| <b>24 GOVERNMENT GRANTS AND SUBSIDIES (Continued)</b>  |                  |                  |
| <b>24.4 Finance Management Support Grant</b>   |                  |                  |
| Opening balance  | -                | -                |
| Grants received  | 250 000          | 100 000          |
| Conditions met - Operating   | -                | (100 000)        |
| Conditions met - Capital   | -                | -                |
| Conditions still to be met   | <u>250 000</u>   | <u>-</u>         |
| The Financial Management Support Grant was received from Provincial Treasury to assist with the implementation of Risk management and the procurement of Caseware Software |                  |                  |
| <b>24.5 Municipal Systems Improvement Grant</b>  |                  |                  |
| Opening balance  | -                | (58 784)         |
| Grants received  | 800 000          | 790 000          |
| Conditions met - Operating   | (800 000)        | (731 216)        |
| Conditions met - Capital   | -                | -                |
| Grant expenditure to be recovered  | <u>-</u>         | <u>-</u>         |
| The MSIG was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems, paid by National Treasury.             |                  |                  |
| <b>24.6 Municipal Infrastructure Grant (MIG)</b>   |                  |                  |
| Opening balance  | -                | -                |
| Grants received  | 17 505 000       | 14 431 000       |
| Conditions met - Operating   | (106 388)        | (401 000)        |
| Conditions met - Capital   | (17 398 612)     | (14 030 000)     |
| Conditions still to be met   | <u>-</u>         | <u>-</u>         |
| The grant was used to upgrade infrastructure in previously disadvantaged areas, paid by National Treasury.   |                  |                  |
| <b>24.7 Housing Grants</b>   |                  |                  |
| Opening balance  | 3 013 283        | 2 197 339        |
| Grants received  | 16 953 700       | 10 331 983       |
| Conditions met - Operating   | (17 216 703)     | (9 516 039)      |
| Conditions met - Capital   | -                | -                |
| Conditions still to be met   | <u>2 750 280</u> | <u>3 013 283</u> |
| Housing grants was utilised for the development of erven and the erection of top structures, paid by the Provincial Government.  |                  |                  |
| <b>24.8 DME Electrification New Housing Projects</b>   |                  |                  |
| Opening balance  | 851 000          | 1 783 160        |
| Grants received  | 1 000 000        | 851 000          |
| Conditions met - Operating   | -                | -                |
| Conditions met - Capital   | (1 022 998)      | (1 567 510)      |
| Correction of error refer note 36  | -                | (215 650)        |
| Conditions still to be met   | <u>828 002</u>   | <u>851 000</u>   |
| The National Electrification Grant was used for electrical connections in previously disadvantaged areas.  |                  |                  |
| <b>24.9 SETA</b>   |                  |                  |
| Opening balance  | -                | -                |
| Grants received  | 497 668          | 561 319          |
| Conditions met - Operating   | (497 668)        | (561 319)        |
| Conditions still to be met   | <u>-</u>         | <u>-</u>         |
| For training and skills development paid by the National Department of Labour  |                  |                  |
| <b>24.10 Neighbourhood Development Grant (NDPG)</b>  |                  |                  |
| Opening balance  | (45 758)         | 4 878 530        |
| Grants received  | 10 825 000       | 9 000 000        |
| Conditions met - Capital   | (9 939 273)      | (13 924 288)     |
| Conditions still to be met   | <u>839 969</u>   | <u>(45 758)</u>  |
| Job creation in the previous disadvantage areas  |                  |                  |
| <b>24.11 RBIG (DWAF)</b>   |                  |                  |
| Opening balance  | -                | -                |
| Grants received  | 8 000 000        | 1 000 000        |
| Conditions met - Capital   | (8 000 000)      | (1 000 000)      |
| Conditions still to be met   | <u>-</u>         | <u>-</u>         |
| The grant was given to assist with the water shortage in the area  |                  |                  |
| <b>24.12 Refurbishment grant (Water affairs)</b>   |                  |                  |
| Opening balance  | -                | -                |
| Grants received  | 500 000          | -                |
| Conditions met - Operating   | (500 000)        | -                |
| Conditions still to be met   | <u>-</u>         | <u>-</u>         |
| The grant was given to assist with the refurbishment of water assets   |                  |                  |



OUDTSHOORN MUNICIPALITY  
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

|  | 2013<br>R         | 2012<br>R        |
|--|-------------------|------------------|
| <b>24 GOVERNMENT GRANTS AND SUBSIDIES (Continued)</b>  |                   |                  |
| <b>24.13 Military sports academy</b>   |                   |                  |
| Opening balance  | 1 000 000         | -                |
| Grants received  | -                 | 1 000 000        |
| Conditions met - Capital   | -                 | -                |
| Conditions still to be met   | <u>1 000 000</u>  | <u>1 000 000</u> |
| The grant was received from the Department of Sport and Cultural affairs for the building of a sport academy   |                   |                  |
| <b>24.14 CRDP GRANT</b>  |                   |                  |
| Opening balance  | -                 | 636 814          |
| Conditions met - Operating   | -                 | (636 814)        |
| Conditions met - Capital   | -                 | -                |
| Conditions still to be met   | <u>-</u>          | <u>-</u>         |
| The grant was received from the Department of Land affairs for Rural Development                               |                   |                  |
| <b>24.15 Thusong Centre Operational support grant</b>  |                   |                  |
| Opening balance  | -                 | -                |
| Grants received  | 218 000           | -                |
| Conditions met - Operating   | (218 000)         | -                |
| Conditions met - Capital   | -                 | -                |
| Conditions still to be met   | <u>-</u>          | <u>-</u>         |
| The grant was received from Provincial Government to assist with the operating expenditure of the Centre       |                   |                  |
| <b>24.16 ABS Programme</b>   |                   |                  |
| Opening balance  | -                 | -                |
| Grants received  | 5 000 000         | -                |
| Conditions met - Operating   | (1 260 354)       | -                |
| Conditions met - Capital   | -                 | -                |
| Conditions still to be met   | <u>3 739 646</u>  | <u>-</u>         |
| The grant was received from Provincial Government to assist with the provision of Access to basic services     |                   |                  |
| <b>24.17 Provincial Sport Grant</b>  |                   |                  |
| Opening balance  | -                 | -                |
| Grants received  | 94 000            | -                |
| Conditions met - Operating   | -                 | -                |
| Conditions met - Capital   | -                 | -                |
| Conditions still to be met   | <u>94 000</u>     | <u>-</u>         |
| The grant was received from Provincial Government to assist development of Sport                               |                   |                  |
| <b>24.18 Other Grants</b>  |                   |                  |
| Opening balance  | 2 803 091         | 148 847          |
| Grants received  | 4 682 206         | 6 407 860        |
| Transfers and other income   | -                 | -                |
| Conditions met - Operating   | (2 659 000)       | (3 032 137)      |
| Conditions met - Capital   | (1 191 413)       | (84 664)         |
| Write off - Irrecoverable grant expenditure  | -                 | -                |
| Conditions still to be met   | <u>3 614 884</u>  | <u>2 803 091</u> |
| Various grants were received from other spheres of government (e.g. Library fund and Skills Development Grant) |                   |                  |
| <b>24.19 Total Grants</b>  |                   |                  |
| Opening balance  | 8 080 794         | 8 810 149        |
| Grants received  | 112 939 574       | 86 872 162       |
| Conditions met - Operating   | (71 670 530)      | (56 779 404)     |
| Conditions met - Capital   | (37 807 196)      | (30 606 462)     |
| Correction of error  | -                 | (215 650)        |
| Conditions still to be met/(Grant expenditure to be recovered)   | <u>11 542 642</u> | <u>8 080 794</u> |
| <u>Disclosed as follows:</u>   |                   |                  |
| Unspent Conditional Government Grants and Receipts   | 12 524 017        | 8 142 814        |
| Unpaid Conditional Government Grants and Receipts  | (981 375)         | (62 020)         |
| Reallocated opening balance  | <u>11 542 642</u> | <u>8 080 795</u> |

**ODUTSHOORN MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

**25 CONTRIBUTED PPE**

During the year ended 30 June 2013 the following assets were donated to the municipality

- Cricket Clubhouse by South Western Districts
- Improvements to NA Smit Swimming pool by the Congo Caves

|                  |          |
|------------------|----------|
| 1 676 138        | -        |
| 511 754          | -        |
| <b>2 187 892</b> | <b>-</b> |

**26 SERVICE CHARGES**

- Electricity
- Water
- Water Klein Karoo Rural Scheme
- Refuse removal
- Sewerage and Sanitation Charges

| 2013<br>R          | 2012<br>R          |
|--------------------|--------------------|
| 162 138 924        | 144 478 265        |
| 38 512 162         | 35 611 703         |
| 4 920 939          | 5 340 513          |
| 12 766 448         | 11 618 232         |
| 22 081 301         | 20 750 015         |
| <b>240 419 774</b> | <b>217 798 729</b> |
| (15 031 565)       | (13 707 789)       |
| <b>225 388 209</b> | <b>204 090 940</b> |

Less: Rebates

**Total Service Charges**

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

**27 OTHER INCOME:**

- Admin Fees
- Advertising Fees
- Parking Fees
- Cemeteries
- Water sundries
- Traffic
- Electricity sundries
- Congo Mountain Resort
- Airport landings
- Sportgrounds and swimming pools
- Recovered taxes
- Stock adjustments
- Townplanning
- VAT Review
- Infrastructure levies
- Libraries
- Photostats and faxes
- Valuation certificates
- Rezoning Fees
- Sundries

|                   |                  |
|-------------------|------------------|
| 1 149 976         | 1 586 635        |
| 34 043            | 40 526           |
| 59 751            | 20 974           |
| 675 019           | 568 804          |
| 91 764            | 144 782          |
| 270 041           | 260 577          |
| 678 100           | 746 110          |
| 1 330 409         | 1 365 114        |
| 7 183             | 9 783            |
| 201 114           | 194 001          |
| -                 | 1 720 325        |
| 45 950            | -                |
| 372 385           | 369 743          |
| 2 932 277         | -                |
| 199 700           | 10 390           |
| 52 425            | 49 206           |
| 11 469            | 2 945            |
| 66 262            | 47 828           |
| 14 912            | 17 366           |
| <b>2 520 223</b>  | <b>1 797 781</b> |
| <b>10 713 006</b> | <b>8 952 893</b> |

**Total Other Income**

Sundry income represents sundry income such as building plans, sale of sundry items and fees for items not included under service charges (camping, fire brigade and impounding fees)

**28 EMPLOYEE RELATED COSTS**

- Acting Allowance
- Bargaining Allowance
- Bonuses
- Contribution to Long Service awards
- Contribution to Post Employment Medical
- Contributions to Group Insurance
- Contributions to Medical Aid
- Contributions to Pension
- Contributions to UIF
- Contributions to Workman's Compensation
- Housing Benefits and Allowance
- Leave payments
- Other Allowance
- Overtime payments
- Provision for TASK
- Salaries and Wages
- Shift Allowance
- Skills Development
- Standby Allowance
- Telephone Allowance
- Temporary Personnel
- Travelling Allowance

|                    |                    |
|--------------------|--------------------|
| 835 011            | 1 989 160          |
| 42 900             | 29 319             |
| 5 611 615          | 5 062 326          |
| 1 017 207          | 880 219            |
| 6 092 048          | 6 429 036          |
| 1 428 850          | 1 296 141          |
| 4 946 039          | 4 441 324          |
| 16 328 946         | 12 479 657         |
| 728 627            | 630 071            |
| 1 268 140          | 579 885            |
| 752 149            | 758 608            |
| 237 445            | 1 141 893          |
| 521 044            | 440 225            |
| 5 609 749          | 4 925 775          |
| -                  | 3 461 454          |
| 80 343 852         | 73 051 100         |
| 210 053            | 179 938            |
| 982 871            | 868 487            |
| 1 104 039          | 902 892            |
| 53 537             | 21 835             |
| 7 975 828          | 4 963 665          |
| 4 457 778          | 3 567 582          |
| <b>140 547 728</b> | <b>128 080 594</b> |

**Total Employee Related Costs**

**KEY MANAGEMENT PERSONNEL**

Municipal Manager and his Directors is appointed on a 5-year fixed contract. There are no post-employment or termination benefits payable to them at the end of the contract period

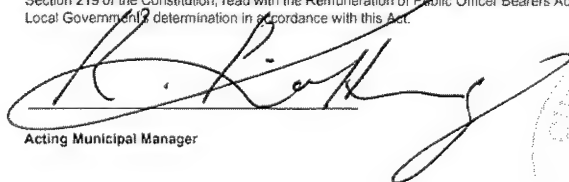
**ODTSHOORN MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

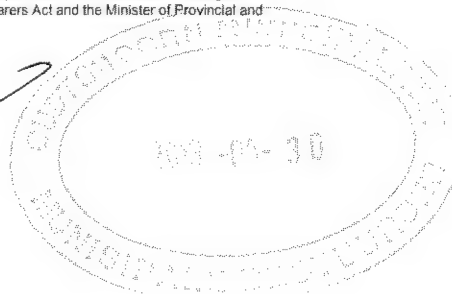
|  | 2013<br>R         | 2012<br>R         |
|--|-------------------|-------------------|
| <b>28 EMPLOYEE RELATED COSTS (Continued)</b>   |                   |                   |
| <b>REMUNERATION OF KEY MANAGEMENT PERSONNEL</b>  |                   |                   |
| <b>Remuneration of the Municipal Manager</b>   | <b>Total</b>      | <b>Total</b>      |
| Annual Remuneration  | 293 393           | 558 806           |
| Car Allowance  | 83 333            | 122 708           |
| Telephone allowance  | 10 000            | 5 000             |
| Contributions to UIF, Medical, Pension Funds and Bargaining Council                        | 18 247            | 23 359            |
| Other  | 78 288            | -                 |
| <b>Total</b>   | <b>483 261</b>    | <b>709 873</b>    |
| <i>The position of Municipal Manager is currently vacant</i>                               |                   |                   |
| <b>Remuneration of the Director Financial Services</b>                                     | <b>Total</b>      | <b>Total</b>      |
| Annual Remuneration  | 636 618           | 993 066           |
| Car Allowance  | 115 194           | 115 313           |
| Telephone allowance  | 7 627             | 6 400             |
| Contributions to UIF, Medical, Pension Funds and Bargaining Council                        | 9 307             | 149 744           |
| Other  | 76 844            | -                 |
| <b>Total</b>   | <b>845 590</b>    | <b>1 264 522</b>  |
| <i>The position of Director Finance is currently vacant</i>                                |                   |                   |
| <b>Remuneration of the Director Corporate Services</b>                                     | <b>Total</b>      | <b>Total</b>      |
| Annual Remuneration  | 842 227           | 608 127           |
| Car Allowance  | 120 000           | 100 000           |
| Telephone allowance  | 9 600             | 4 500             |
| Contributions to UIF, Medical, Pension Funds and Bargaining Council                        | 11 513            | -                 |
| Other  | 8 159             | -                 |
| <b>Total</b>   | <b>991 500</b>    | <b>712 627</b>    |
| <i>The Director Corporate Services currently acts in the position of Director Finance</i>  |                   |                   |
| <b>Remuneration of the Director Infrastructure and Technical Services</b>                  | <b>Total</b>      | <b>Total</b>      |
| Annual Remuneration  | 836 687           | 321 442           |
| Car Allowance  | 123 540           | 51 475            |
| Contributions to UIF, Medical, Pension Funds and Bargaining Council                        | 11 822            | -                 |
| Telephone allowance  | 9 600             | 4 250             |
| <b>Total</b>   | <b>983 649</b>    | <b>377 167</b>    |
| <b>Remuneration of the Director Community Services</b>                                     | <b>Total</b>      | <b>Total</b>      |
| Annual Remuneration  | 707 412           | 431 352           |
| Car Allowance  | 168 000           | 41 049            |
| Telephone allowance  | 10 200            | 2 400             |
| Contributions to UIF, Medical, Pension Funds and Bargaining Council                        | 44 295            | -                 |
| Other  | 79 932            | -                 |
| <b>Total</b>   | <b>1 009 839</b>  | <b>474 801</b>    |
| <i>The Director Community Services currently acts in the position of Municipal Manager</i> |                   |                   |
|  | <b>2013<br/>R</b> | <b>2012<br/>R</b> |
| <b>29 REMUNERATION OF COUNCILLORS</b>  |                   |                   |
| Salaries   | 4 825 008         | 5 033 198         |
| Pension  | 288 353           | 258 165           |
| Travelling Allowance   | 1 715 426         | 1 772 013         |
| Telephone Allowance  | 216 439           | 261 905           |
| Medical Scheme   | 90 667            | -                 |
| Skills Development Levy  | 60 781            | -                 |
| <b>Total Councillors' Remuneration</b>   | <b>7 196 674</b>  | <b>7 325 281</b>  |
| <b>In-kind Benefits</b>  |                   |                   |

The Executive Mayor, Mayoral Committee members and the Speaker are full-time councillors. The Mayor, Mayoral Committee members and the Speaker are provided with secretarial support and an office at the cost of the Council.

**Certification by the Municipal Manager**

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

  
Acting Municipal Manager



**ODTSHOORN MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

|           |  | 2013<br>R          | 2012<br>R          |
|-----------|--|--------------------|--------------------|
| <b>30</b> | <b>DEBT IMPAIRMENT</b>                                     |                    |                    |
|           | Trade Receivables from exchange transactions - Note 19     | 11 225 977         | 5 038 363          |
|           | Trade Receivables from non-exchange transactions - Note 20 | 1 728 586          | 582 925            |
|           | <b>Total Contribution to Debt Impairment</b>               | <b>12 954 563</b>  | <b>5 621 288</b>   |
| <b>31</b> | <b>DEPRECIATION AND AMORTISATION</b>                       |                    |                    |
|           | Property Plant and Equipment                               | 17 753 984         | 19 175 609         |
|           | Investment Property  | 399 467            | 401 916            |
|           | Intangible Assets  | 71 611             | 65 880             |
|           | Capitalized Restoration Cost                               | 227 206            | 228 407            |
|           |  | <b>18 452 268</b>  | <b>19 891 812</b>  |
| <b>32</b> | <b>IMPAIRMENTS</b>   |                    |                    |
|           | Property Plant & Equipment                                 | 21 121             | 125 199            |
|           | Capitalized Restoration Cost                               | 104 353            | 22 236             |
|           |  | <b>125 475</b>     | <b>147 435</b>     |
| <b>33</b> | <b>FINANCE CHARGES</b>                                     |                    |                    |
|           | Long-term Liabilities                                      | 7 946 391          | 8 577 895          |
|           | Finance leases   | 340 590            | 463 690            |
|           | Tip site restoration contribution                          | 4 767 758          | 104 825            |
|           | Pension Fund   | -                  | 30 542             |
|           | Other  | -                  | 109 011            |
|           | <b>Total finance charges</b>                               | <b>13 054 739</b>  | <b>9 285 963</b>   |
| <b>34</b> | <b>BULK PURCHASES</b>                                      |                    |                    |
|           | Electricity bulk   | 105 036 611        | 98 569 536         |
|           | Water bulk   | 2 397 522          | 2 636 561          |
|           |  | <b>107 434 133</b> | <b>101 206 097</b> |
| <b>35</b> | <b>GENERAL EXPENSES</b>                                    | 2013<br>R          | 2012<br>R          |
|           | Audit Fees   | 5 539 804          | 3 085 315          |
|           | Advertisements   | 630 761            | 974 274            |
|           | Bank Charges   | 1 741 452          | 1 560 321          |
|           | Chemicals  | 729 456            | 886 802            |
|           | Calendar events  | 301 380            | 608 569            |
|           | Commission paid  | 4 168 810          | 2 598 863          |
|           | Professional Fees  | 1 139 470          | 4 344 362          |
|           | Membership Fees  | 1 054 110          | 261 160            |
|           | Financial Aid Scheme                                       | 796 540            | 735 529            |
|           | Fuel Cost  | 6 258 367          | 4 540 693          |
|           | Electricity  | 6 953 648          | 6 243 960          |
|           | Legal Cost   | 5 720 347          | 2 993 935          |
|           | Licence Fees   | 197 331            | 227 959            |
|           | Insurance  | 1 642 058          | 1 529 671          |
|           | Indigent Burials   | 327 560            | 189 145            |
|           | Postage  | 271 724            | 215 787            |
|           | Project Expenditure  | 2 859 712          | 2 193 615          |
|           | Printing and stationery                                    | 927 991            | 892 149            |
|           | Performance Management                                     | 307 534            | 194 759            |
|           | Penalties  | 2 127 271          | -                  |
|           | Safety clothes   | 624 207            | 452 661            |
|           | Speed camera fees  | 505 009            | 1 963 948          |
|           | Sport Development  | 832 260            | 666 912            |
|           | Social Assistance  | 415 877            | -                  |
|           | Tools and Equipment  | 147 800            | 147 881            |
|           | Tourism  | 236 038            | 400 000            |
|           | Inventory Items  | 1 527 754          | 1 022 181          |
|           | Telephone  | 2 772 298          | 2 688 999          |
|           | Training   | 1 233 698          | 943 057            |
|           | Travel and subsistence                                     | 2 107 447          | 2 006 603          |
|           | Ward Committee Functionality                               | 159 468            | 91 000             |
|           | Water Levy   | 50 980             | 50 509             |
|           | Water  | 3 003 587          | 2 100 517          |
|           | Other  | 5 948 739          | 4 062 924          |
|           |  | <b>63 260 488</b>  | <b>50 874 058</b>  |

**ODTSHOORN MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

**36 CORRECTION OF ERROR IN TERMS OF GRAP 3**

**Prior year adjustments due to non-compliance with Accounting policy and errors**

- 36.1**
- (a) The operating lease assets was understated in the prior year due to the misinterpretation of the lease agreement between for the building leased to the Congo Caves. It is now corrected retrospectively with the following entries (Dt) Operating Lease asset (Dt) Advance Payable (Kt) Accumulated surplus (Kt) VAT.
  - (b) Correction of unspent grant opening balance due to national treasury not approving the full rollover of full amount but limiting rollover to total grant receipt in the PY. It is now corrected as (Dt) Unspent Grant (Kt) Accumulated surplus
  - (c) Bad debt written off on receivables from non exchange transactions in the prior year. Provision should have taken into account the amount written off. It is now corrected with the following entries (Dt) Accumulated Surplus (Kt) Provision for debtors
  - (d) Correction of sundry creditors in the prior year due to a VAT claim paid but later recalled by SARS. Initially it was classified as an expenditure in the current year but corrected as it relates to the prior year and is deemed payable in the prior year. It is now corrected with the following entries (Dt) Accumulated Surplus (Kt) Sundry Creditors
  - (e) Error on amortisation of intangible assets as a duplication in assets led to an incorrect depreciation charge in the prior year. It is now corrected with the following entries (Dt) Acc depreciation (Kt) Acc Surplus
  - (f) Prior period error due to non recognition of a refund due by Eskom, this relates to energy losses after a Eskom substation explosion in 2007. The correction was processed as follows (Dt) Sundry Debtors (Kt) Acc Surplus
  - (g) First time recognition of Erf 57, Dysseidsdorp. The correction was processed as follows (Dt) Investment Property (Kt) Acc Surplus.
  - (h) Prior period error on initial recognition on Erf 980, the asset was previously understated. The correction was processed as follows (Dt) PPE (Kt) Acc Surplus
  - (i) Correction on Cost and Accumulated depreciation on Community Assets stated incorrectly due to a variance on the asset register in the prior year. The correction was processed as follows (Dt) Community Assets (Kt) Acc Depreciation (Kt) Acc Surplus
  - (j) First time recognition of other assets recognised at fair value. The following entries were processed (Dt) PPE (Kt) Acc Surplus
  - (k) First time recognition of depreciation charge on other assets recognised at fair value. The following entries were processed (Dt) Acc Surplus (Kt) Acc Depreciation
  - (l) Correction of depreciation on incorrect classification of assets. The following entries were processed (Dt) Acc Depr (Kt) Acc Surplus
  - (m) Adjustment of depreciation on other assets with zero bookvalues. The following entries were processed (Dt) Acc depreciation (Kt) Acc Surplus
  - (n) Adjustment of consumer deposits as a old balance can no longer be traced to a consumer. The following entries were processed (Dt) Acc Surplus (Kt) Consumer deposits
  - (o) Adjustment to inventory based on prior year variance between stock listing and recorded transactions. The following entries were processed (Dt) Stock (Kt) Acc Surplus
  - (p) Adjustment to receivables, expenditure paid on behalf of the Congo Caves and not recorded in the advance account. The following entries were processed (Dt) Advance Congo Caves (Kt) Acc Surplus
  - (q) Adjustment to receivables, rental income receivable not accrued. The following entries were processed (Dt) Advance Congo Caves (Kt) Acc Surplus

**36.2 Accumulated Surplus**

**Balance previously reported**

- Correction on operating lease asset - see note 36.1.a
- Correction of unspent grant - see note 36.1.b
- Correction of bad debt written off - see note 36.1.c
- Correction of sundry creditors - see note 36.1.d
- Correction of prior year depreciation charge on intangibles - see note 36.1.e
- Correction on Sundry Debtors - see note 36.1.f
- First time recognition of investment property - see note 36.1.g
- Amendment to initial recognition of Erf 980 - see note 36.1.h
- Correction on Cost and Acc Depr of Community Assets - see note 36.1.i
- Correction on Cost and Acc Depr of Community Assets - see note 36.1.i
- Correction on Cost and Acc Depr of Community Assets - see note 36.1.i
- First time recognition of other assets at fair value - cost component - see note 36.1.j
- First time recognition of other assets at fair value - depr component - see note 36.1.k
- Correction on Other Assets on incorrect classification - depreciation component - see note 36.1.l
- Adjustment of depreciation on other assets with R0 bookvalues - see note 36.1.m
- Adjustment of consumer deposits - see note 36.1.n
- Adjustment to inventory - see note 36.1.o
- Adjustment to receivables from non exchange - see note 36.1.p
- Adjustment to receivables from non exchange - see note 36.1.q

**Restated balance**

**36.3 Operating lease Asset**

**Balance previously reported**

- Correction on operating lease asset - see note 36.1.a

**Restated balance**

**36.4 Receivables from non exchange transactions- Suspense debtors**

**Balance previously reported**

- Correction on operating lease asset - see note 36.1.a
- Correction on eskom bulk purchases - see note 36.1.f
- Adjustment to receivables from non exchange - see note 36.1.p
- Adjustment to receivables from non exchange - see note 36.1.q

**Restated balance**

|   | 2013<br>R      | 2012<br>R          |
|---|----------------|--------------------|
| <b>Balance previously reported</b>  |                | <b>438 041 874</b> |
|   | <b>438 053</b> | <b>11 533 548</b>  |
| Correction on operating lease asset - see note 36.1.a   | 214 382        | 214 382            |
| Correction of unspent grant - see note 36.1.b   | 215 650        | -                  |
| Correction of bad debt written off - see note 36.1.c  | (18 162)       | (3 388)            |
| Correction of sundry creditors - see note 36.1.d  | (1 003 362)    | -                  |
| Correction of prior year depreciation charge on intangibles - see note 36.1.e                     | 23 971         | -                  |
| Correction on Sundry Debtors - see note 36.1.f  | -              | 8 571 203          |
| First time recognition of investment property - see note 36.1.g                                   | -              | 279 000            |
| Amendment to initial recognition of Erf 980 - see note 36.1.h                                     | -              | 1 099 000          |
| Correction on Cost and Acc Depr of Community Assets - see note 36.1.i                             | -              | 537 129            |
| Correction on Cost and Acc Depr of Community Assets - see note 36.1.i                             | -              | (606)              |
| Correction on Cost and Acc Depr of Community Assets - see note 36.1.i                             | 97             | -                  |
| First time recognition of other assets at fair value - cost component - see note 36.1.j           | -              | 1 340 821          |
| First time recognition of other assets at fair value - depr component - see note 36.1.k           | (166 731)      | (636 402)          |
| Correction on Other Assets on incorrect classification - depreciation component - see note 36.1.l | 14 400         | 28 619             |
| Adjustment of depreciation on other assets with R0 bookvalues - see note 36.1.m                   | 374            | 104 665            |
| Adjustment of consumer deposits - see note 36.1.n   | -              | (875)              |
| Adjustment to inventory - see note 36.1.o   | 151 730        | -                  |
| Adjustment to receivables from non exchange - see note 36.1.p                                     | 21 000         | -                  |
| Adjustment to receivables from non exchange - see note 36.1.q                                     | 984 705        | -                  |
| <b>Restated balance</b>   | <b>438 053</b> | <b>449 575 422</b> |

|   |                  |
|---|------------------|
| <b>Balance previously reported</b>                    | <b>1 077 824</b> |
| Correction on operating lease asset - see note 36.1.a | 162 942          |
| <b>Restated balance</b>                               | <b>1 240 766</b> |

|   |                   |
|---|-------------------|
| <b>Balance previously reported</b>                            | <b>4 782 863</b>  |
| Correction on operating lease asset - see note 36.1.a         | 303 037           |
| Correction on eskom bulk purchases - see note 36.1.f          | 8 571 203         |
| Adjustment to receivables from non exchange - see note 36.1.p | 21 000            |
| Adjustment to receivables from non exchange - see note 36.1.q | 984 705           |
| <b>Restated balance</b>                                       | <b>14 662 809</b> |

OUDTSHOORN MUNICIPALITY  
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

|       |  | 2013<br>R           | 2012<br>R           |
|-------|--|---------------------|---------------------|
| 36    | <b>CORRECTION OF ERROR IN TERMS OF GRAP 3 (Continued)</b>  |                     |                     |
| 36.5  | <b>Value Added Tax</b>   |                     |                     |
|       | Balance previously reported  |                     | 34 674 823          |
|       | Correction on operating lease asset - see note 36.1 a  |                     | 37 215              |
|       | <b>Restated balance</b>  |                     | <b>34 712 038</b>   |
| 36.6  | <b>Unspent Grants</b>  |                     |                     |
|       | Balance previously reported  |                     | 8 358 464           |
|       | Correction of unspent grant - see note 36.1 b  |                     | (215 650)           |
|       | <b>Restated balance</b>  |                     | <b>8 142 814</b>    |
| 36.7  | <b>Receivables from non exchange transactions - Rates</b>  |                     |                     |
|       | Balance previously reported  |                     | 5 832 578           |
|       | Correction of bad debt written off - see note 36.1 c   |                     | 21 550              |
|       | <b>Restated balance</b>  |                     | <b>5 854 128</b>    |
| 36.8  | <b>Sundry Creditors</b>  |                     |                     |
|       | Balance previously reported  |                     | 24 930 888          |
|       | Correction of sundry creditors - see note 36.1 d   |                     | 1 003 362           |
|       | <b>Restated balance</b>  |                     | <b>25 934 250</b>   |
| 36.9  | <b>Intangible Assets</b>   |                     |                     |
|       | Balance previously reported  |                     | 167 698             |
|       | Correction of prior year depreciation charge on intangibles - see note 36.1 e                      |                     | 23 971              |
|       | <b>Restated balance</b>  |                     | <b>191 669</b>      |
| 36.10 | <b>Investment Property</b>   |                     |                     |
|       | Balance previously reported  |                     | 85 999 252          |
|       | First time recognition of investment property - see note 36.1 g                                    |                     | 279 000             |
|       | <b>Restated balance</b>  |                     | <b>86 278 252</b>   |
| 36.11 | <b>Property Plant and Equipment</b>  |                     |                     |
|       | Balance previously reported  |                     | 532 292 732         |
|       | Amendment to initial recognition of Erf 980 - see note 36.1 h                                      |                     | 1 099 000           |
|       | Correction on Cost and Acc Depr of Community Assets - see note 36.1 i                              |                     | 537 129             |
|       | Correction on Cost and Acc Depr of Community Assets - see note 36.1 i                              |                     | (606)               |
|       | Correction on Cost and Acc Depr of Community Assets - see note 36.1 i                              |                     | 97                  |
|       | First time recognition of other assets at fair value - cost component - see note 36.1 j            |                     | 1 340 821           |
|       | First time recognition of other assets at fair value - depr component - see note 36.1 k            |                     | (803 134)           |
|       | Correction on Other Assets on incorrect classification - depreciation component - see note 36.1 l  |                     | 43 019              |
|       | Adjustment of depreciation on other assets with R0 bookvalues - see note 36.1 m                    |                     | 105 039             |
|       | <b>Restated balance</b>  |                     | <b>534 614 096</b>  |
| 36.12 | <b>Inventory</b>   |                     |                     |
|       | Balance previously reported  |                     | 1 415 358           |
|       | Adjustment to inventory - see note 36.1 o  |                     | 151 730             |
|       | <b>Restated balance</b>  |                     | <b>1 567 088</b>    |
| 37    | <b>RECONCILIATION BETWEEN NET DEFICIT FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS</b> | <b>2013<br/>R</b>   | <b>2012<br/>R</b>   |
|       | Surplus/(Deficit) for the year   | (16 565 190)        | (5 396 630)         |
|       | <b>Adjustments for:</b>  |                     |                     |
|       | Depreciation   | 18 380 650          | 19 933 821          |
|       | Amortisation of Intangible Assets  | 71 611              | 85 880              |
|       | Asset Impairment   | 125 475             | 147 434             |
|       | Debt Impairment  | 12 954 563          | 5 621 288           |
|       | Debt Impairment - Decrease   | -                   | -                   |
|       | Contribution to non current liability  | 4 767 758           | 104 825             |
|       | Contribution to employee benefits-current  | (2 535 718)         | 3 923 923           |
|       | Contribution from/to employee benefits-non current   | 13 014 341          | 2 575 703           |
|       | Assets written off   | 1 370 195           | 2 598               |
|       | Operating lease income accrued   | (524 979)           | (502 134)           |
|       | Operating lease expenses accrued   | -                   | (19 641)            |
|       | <b>Operating Surplus/(Deficit) before changes in working capital</b>                               | <b>31 058 706</b>   | <b>26 477 067</b>   |
|       | <b>Changes in working capital</b>  | <b>(13 594 899)</b> | <b>(15 692 665)</b> |
|       | <b>Increase/(Decrease) in Trade and Other Payables</b>   | <b>1 092 684</b>    | <b>(7 817 957)</b>  |
|       | <b>Increase/(Decrease) in Unspent Conditional Government Grants and Receipts</b>                   | <b>4 381 203</b>    | <b>(1 532 709)</b>  |
|       | <b>Increase/(Decrease) in Unpaid Conditional Public Grants and Reserves</b>                        | <b>-</b>            | <b>(125 288)</b>    |
|       | <b>Increase/(Decrease) in Unspent Conditional Public Grants and Reserves</b>                       | <b>-</b>            | <b>-</b>            |
|       | <b>Increase/(Decrease) in Taxes</b>  | <b>2 200 724</b>    | <b>1 410 851</b>    |
|       | <b>(Increase)/Decrease in Inventory</b>  | <b>197 305</b>      | <b>163 808</b>      |
|       | <b>(Increase)/Decrease in Trade and other receivables</b>  | <b>(20 547 460)</b> | <b>(8 594 834)</b>  |
|       | <b>(Increase)/Decrease in Unpaid Conditional Government Grants and Receipts</b>                    | <b>(919 356)</b>    | <b>803 354</b>      |
|       | <b>Cash generated/(absorbed) by operations</b>   | <b>17 463 807</b>   | <b>10 784 403</b>   |

**ODTSHOORN MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

|   | 2013<br>R         | 2012<br>R         |
|---|-------------------|-------------------|
| <b>38 CASH AND CASH EQUIVALENTS</b>   |                   |                   |
| Cash and cash equivalents included in the cash flow statement comprise the following:             |                   |                   |
| Call Investments Deposits - Note 22   | 9 487 635         | 12 107 740        |
| Cash Floats - Note 22   | 10 534            | 10 534            |
| Bank - Note 22  | 7 476 436         | 3 446 204         |
| <b>Total cash and cash equivalents</b>  | <b>16 974 605</b> | <b>15 564 478</b> |
| <b>39 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES</b>                               |                   |                   |
| Cash and Cash Equivalents - Note 38   | 16 974 605        | 15 564 478        |
| Less:   | 16 974 605        | 15 564 478        |
| Unspent Committed Conditional Grants - Note 9   | 15 563 176        | 13 382 697        |
| VAT - Note 11   | 12 524 017        | 8 142 814         |
| Unspent Public Contributions  | 2 794 784         | 4 995 509         |
|   | 244 374           | 244 374           |
| <b>Resources available for working capital requirements</b>                                       | <b>1 411 429</b>  | <b>2 181 781</b>  |
| <b>40 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION</b>                                     |                   |                   |
| Long-term Liabilities - Note 2  | 108 307 043       | 78 800 298        |
| Used to finance property, plant and equipment - at cost   | (108 307 043)     | (78 800 298)      |
| <b>Cash invested for repayment of long-term liabilities</b>                                       | <b>-</b>          | <b>-</b>          |
| Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. |                   |                   |

**OUTDSHOORN MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

**41 BUDGET COMPARISONS**

|   | 2013<br>R<br>(Actual) | 2013<br>R<br>(Budget)  | 2013<br>R<br>(Variance) | 2013<br>(%) |
|---|-----------------------|--|-------------------------|-------------|
| <b>Operational</b>                                |                       |  |                         |             |
| <b>41.1 Revenue by source</b>                     |                       |  |                         |             |
| Property taxes                                    | 46 850 016            | 48 130 309   | (1 280 293)             | -3%         |
| Government Grants and Subsidies- Capital          | 37 658 684            | 42 239 048   | (4 580 364)             | -11%        |
| Government Grants and Subsidies-Operating         | 71 819 042            | 76 890 675   | (5 071 633)             | -7%         |
| Public Contributions and Donations                | 120 000               | -  | 120 000                 | 100%        |
| Third Party Payments                              | 162 966               | -  | 162 966                 | 100%        |
| Fines   | 925 657               | 1 200 000  | (274 343)               | -23%        |
| Gain on disposal of Property, Plant and Equipment | 1 186 135             | 1 100 000  | 86 135                  | 8%          |
| Service Charges                                   | 225 388 208           | 233 400 703  | (8 012 495)             | -3%         |
| Rental of Facilities and Equipment                | 2 765 074             | 2 009 000  | 756 074                 | 38%         |
| Interest Earned - external investments            | 1 400 914             | 1 750 415  | (349 501)               | -20%        |
| Interest Earned - outstanding debtors             | 5 313 211             | 4 830 000  | 483 211                 | 10%         |
| Agency Services                                   | 14 662 140            | 15 180 000   | (517 860)               | -3%         |
| Other Income                                      | 10 713 007            | 10 082 078   | 630 929                 | 6%          |
| Contributed/ Donated PPE                          | 2 167 892             | -  | 2 167 892               | 100%        |
|   | <b>421 152 946</b>    | <b>436 812 228</b>   | <b>(15 659 282)</b>     | <b>-4%</b>  |
| <b>Expenditure by nature</b>                      |                       |  |                         |             |
| Employee Related Costs                            | 140 547 728           | 131 871 238  | (8 676 490)             | 7%          |
| Remuneration of Councilors                        | 7 196 674             | 7 768 402  | (571 728)               | -7%         |
| Debt Impairment                                   | 12 954 563            | 8 847 091  | (4 107 472)             | 46%         |
| Depreciation and Amortisation                     | 18 452 261            | 20 389 376   | (1 937 115)             | -10%        |
| Impairments                                       | 125 475               | -  | (125 475)               | -100%       |
| Assets written-off                                | 1 370 195             | -  | (1 370 195)             | -100%       |
| Repairs and Maintenance                           | 13 583 474            | 14 565 236   | (981 762)               | -7%         |
| Actuarial losses                                  | 8 466 427             | -  | (8 466 427)             | -100%       |
| Finance Charges                                   | 13 054 739            | 8 929 774  | (4 124 965)             | 46%         |
| Bulk Purchases                                    | 107 434 133           | 104 780 080  | (2 654 053)             | 3%          |
| Contracted services                               | 13 647 783            | 13 147 411   | (500 372)               | 4%          |
| Operating Grant Expenditure                       | 27 278 260            | 31 273 032   | (3 994 772)             | -13%        |
| General Expenses                                  | 63 260 488            | 55 524 769   | (7 735 719)             | 14%         |
| Agency Services                                   | 10 345 937            | 11 550 000   | (1 204 063)             | -10%        |
|   | <b>437 718 135</b>    | <b>408 646 409</b>   | <b>(29 071 726)</b>     | <b>-7%</b>  |
| <b>Deficit for the year</b>                       | <b>(16 565 190)</b>   | <b>28 165 819</b>  | <b>(44 731 009)</b>     |             |
| <b>Details of variances above 10%</b>             |                       |  |                         |             |
| Government Grants and Subsidies- Capital          | -11%                  | Some grant funded projects still WIP   |                         |             |
| Public Contributions and Donations                | 100%                  | Funds received from Standard Bank for Sport Festival not budgeted for  |                         |             |
| Third Party Payments                              | 100%                  | No budget for 3rd party payments as it is difficult to determine at start of year                                |                         |             |
| Fines   | -23%                  | Service Provider resigned and no other service provider was appointed during the year                            |                         |             |
| Rental of Facilities and Equipment                | 38%                   | Variance due to accounting for smoothing of operating leases   |                         |             |
| Interest Earned - external investments            | -20%                  | Less funds available for investment purposes than anticipated  |                         |             |
| Interest Earned - outstanding debtors             | 10%                   | Outstanding debtors book increased during the year, therefore more interest on outstanding debt than anticipated |                         |             |
| Other Income                                      | 6%                    | Due to recognition of Legal fees to paid back to the municipality based on a judgement by the Court.             |                         |             |
| Contributed/ Donated PPE                          | 100%                  | The municipality is unable to budget for donated assets  |                         |             |
| Debt Impairment                                   | 46%                   | Contribution to provision increased due to write off of debt during the year                                     |                         |             |
| Depreciation and Amortisation                     | -10%                  | Due to unbundling of infrastructure assets and a delay in the procurement of PPE                                 |                         |             |
| Impairments                                       | -100%                 | Determine at year end, difficult to budget for at start of year  |                         |             |
| Assets written-off                                | -100%                 | Only identified with annual asset verification at end of year, therefore no budget.                              |                         |             |
| Actuarial losses                                  | -100%                 | Based on the yearly actuarial report and not able to budget for this GRAP related expense                        |                         |             |
| Finance Charges                                   | 46%                   | Contribution to landfill site provision due to interest rate change not budgeted for.                            |                         |             |
| Operating Grant Expenditure                       | -13%                  | Housing project still in progress.   |                         |             |



**ODTSHOORN MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

**41 BUDGET COMPARISONS (Continued)**

|   | 2013<br>R<br>(Actual) | 2013<br>R<br>(Budget) | 2013<br>R<br>(Variance) | 2013<br>(%) |
|---|-----------------------|-----------------------|-------------------------|-------------|
| <b>41.2 Expenditure by Vote</b>         |                       |                       |                         |             |
| Community & Social Services             | 19 121 003            | 16 602 048            | 2 518 955               | 15%         |
| Electricity                             | 126 646 914           | 123 404 312           | 3 242 602               | 3%          |
| Executive & Council                     | 69 661 112            | 53 423 250            | 16 237 862              | 30%         |
| Finance & Admin                         | 38 039 213            | 37 855 366            | 183 847                 | 0%          |
| Housing                                 | 23 296 504            | 27 551 733            | (4 255 229)             | -15%        |
| Klein Karoo Water Scheme                | 9 054 013             | 8 996 614             | 57 399                  | 1%          |
| Other                                   | 2 590 383             | 2 622 882             | (32 499)                | -1%         |
| Planning & Development                  | 20 007 300            | 19 130 127            | 877 173                 | 5%          |
| Public Safety                           | 27 059 827            | 26 602 004            | 457 823                 | 2%          |
| Road Transport                          | 25 349 348            | 25 455 206            | (105 858)               | 0%          |
| Sport & Recreation                      | 18 269 762            | 17 316 539            | 953 223                 | 6%          |
| Waste Management                        | 25 097 746            | 16 859 571            | 8 238 175               | 49%         |
| Waste Water Management                  | 15 041 260            | 13 887 017            | 1 154 243               | 8%          |
| Water                                   | 18 483 749            | 18 939 740            | (455 991)               | -2%         |
|   | <b>437 718 135</b>    | <b>408 646 409</b>    | <b>29 071 726</b>       | <b>7%</b>   |
| <b>41.3 Capital expenditure by vote</b> |                       |                       |                         |             |
| Executive & Council                     | 262 098               | 397 377               | (135 279)               | -34%        |
| Finance & Admin                         | 851 612               | 1 015 999             | (164 387)               | -16%        |
| Planning & Development                  | 18 603 219            | 23 054 982            | (4 451 763)             | -19%        |
| Public Safety                           | 33 158                | 190 000               | (156 842)               | -83%        |
| Community & Social Services             | 185 582               | 137 886               | 27 696                  | 20%         |
| Sport & Recreation                      | 155 357               | 168 000               | (12 643)                | -8%         |
| Waste Management                        | 175 439               | 2 966 272             | (2 790 833)             | -94%        |
| Road Transport                          | 6 735 114             | 15 231 644            | (8 496 530)             | -56%        |
| Waste Water Management                  | 3 813 661             | 6 015 713             | (2 202 052)             | -37%        |
| Water                                   | 10 444 765            | 15 391 492            | (4 946 727)             | -32%        |
| Electricity                             | 1 641 042             | 6 008 000             | (4 366 958)             | -73%        |
|   | <b>42 681 047</b>     | <b>70 577 365</b>     | <b>(27 696 318)</b>     | <b>-39%</b> |

**Details of Material Variances above 10%**

|                             |      |   |
|-----------------------------|------|---|
| Executive & Council         | -34% | Not all Office furniture and computer equipment were purchased  |
| Finance & Admin             | -16% | Saving on the procurement of handheld terminals   |
| Planning & Development      | -19% | Projects could not continue due to the late receipt of the Audit Report which was needed to take up the external loan   |
| Public Safety               | -83% | Projects could not continue due to the late receipt of the Audit Report which was needed to take up the external loan   |
| Community & Social Services | 20%  | Capital items not budgeted for was purchased under operating expenditure  |
| Sport & Recreation          | -8%  | Items purchased was within the budgeted amount  |
| Waste Management            | -94% | Refuse truck and other items could not be procured in time due to the late receipt of the audit report.                 |
| Road Transport              | -56% | Projects could not continue due to the late receipt of the Audit Report which was needed to take up the external loan   |
| Waste Water Management      | -37% | Upgrading of WWTP was delayed due to the late receipt of the Audit report which was needed to take up the external loan |
| Water                       | -32% | Underspending on Borehole project due to late receipt of Audit report   |
| Electricity                 | -73% | Projects could not continue due to the late receipt of the Audit Report which was needed to take up the external loan   |

**42 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED**

**42.1 Unauthorised expenditure**

Reconciliation of unauthorised expenditure:

|   |                    |                   |
|---|--------------------|-------------------|
| Opening balance                                   | 78 784 042         | 71 290 113        |
| Unauthorised expenditure current year - capital   | 27 696             | 44 074            |
| Unauthorised expenditure current year - operating | 33 921 303         | 7 449 854         |
| Written off by council                            | -                  | -                 |
| Unauthorised expenditure awaiting authorisation   | <b>112 733 041</b> | <b>78 784 042</b> |

Unauthorised expenditure on operating votes is mainly due to provisional (book entries), amounts recognised in terms of GRAP implementation.

| Incident                            | Disciplinary steps/criminal proceedings |                    |                   |
|-------------------------------------|---|--------------------|-------------------|
| Over expenditure on votes 2012/2013 | None                                    | 33 948 999         | -                 |
| Over expenditure on votes 2011/2012 | None                                    | 7 493 929          | 7 493 929         |
| Over expenditure on votes 2010/2011 | None                                    | 26 420 092         | 26 420 092        |
| Over expenditure on votes 2009/2010 | None                                    | 9 181 875          | 9 181 875         |
| Over expenditure on votes 2008/2009 | None                                    | 35 688 146         | 35 688 146        |
|                                     |   | <b>112 733 041</b> | <b>78 784 042</b> |

| 2013 | 2012 |
|------|------|
| R    | R    |

#### 42.2 Fruitless and wasteful expenditure

Opening balance  
Fruitless and wasteful expenditure current year  
Fruitless and wasteful expenditure awaiting further action

|                   |                  |
|-------------------|------------------|
| 2 905 278         | 2 587 181        |
| 9 068 782         | 318 097          |
| <b>11 974 060</b> | <b>2 905 278</b> |

| Incident   | Disciplinary steps/criminal proceedings |                  |                |
|--|---|------------------|----------------|
| <i>Interest and penalties paid on</i>                      |   |                  |                |
| PAYE, Eskom, Telkom, Fastnet, Cape Joint Pension Fund, VAT | None                                    |                  | 88 890         |
| <i>Commission paid on VAT recovery contract</i>            | <i>Referred to legal department</i>     | 2 035 605        | -              |
| <i>Payment made to incorrect service provider</i>          | <i>Referred to legal department</i>     | 25 000           | 17 358         |
| <i>Electricity losses above 10 %</i>                       | None                                    | -                | 160 325        |
| <i>Water Losses above 10%</i>                              | None                                    | 6 370 466        | -              |
| <i>Interest on unresolved account Klein Karoo Bpk</i>      | <i>Investigation ongoing</i>            | 50 924           | 51 523         |
|  |   | <b>9 068 782</b> | <b>318 097</b> |

| 2013 | 2012 |
|------|------|
| R    | R    |

Opening balance  
Irregular expenditure current year

|            |            |
|------------|------------|
| 15 058 184 | 8 778 490  |
| -          | 6 279 694  |
| <hr/>      | <hr/>      |
| 15 058 184 | 15 058 184 |

| Incident  | Disciplinary steps/criminal proceedings |                  |                  |
|---|---|------------------|------------------|
| <i>Brought Forward</i>                                    |   | 15 058 184       | 8 778 490        |
| <i>Non-compliance with Supply Chain Management Policy</i> | <i>None</i>                             | -                | 6 279 694        |
|   |   | <hr/> 15 058 184 | <hr/> 15 058 184 |

| 2013 | 2012 |
|------|------|
|------|------|

### Water distribution losses

- Kilo litres disinfected/purified/purchased
- Kilo litres lost during distribution
- Percentage lost during distribution

|           |           |
|-----------|-----------|
| 7 407 078 | 7 335 251 |
| 2 073 141 | 223 370   |
| 27.99%    | 3.05%     |

Amount to disclose as fruitless and wasteful expenditure

|           |   |
|-----------|---|
| 6 370 466 | - |
|-----------|---|

- Units purchased (Kwh)
- Units lost during distribution (Kwh)
- Percentage lost during distribution

|             |             |
|-------------|-------------|
| 160 110 387 | 170 944 310 |
| 11 932 478  | 19 846 832  |
| 7 45%       | 11.61%      |

Amount to disclose as fruitless and wasteful expenditure

160 325

OUDTSHOORN MUNICIPALITY  
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

|   | 2013<br>R  | 2012<br>R  |
|---|--|--|
| 43 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT  |  |  |
| 43.1 <u>Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS</u>   |  |  |
| Council subscriptions   | 1 053 610  | 257 063  |
| Amount paid - current year  | (1 053 610)                                      | (257 063)  |
| <b>Balance unpaid (included in creditors)</b>   | <b>-</b>   | <b>-</b>   |
|   | 2013<br>R  | 2012<br>R  |
| 43.2 <u>Audit fees - [MFMA 125 (1)(c)]</u>  |  |  |
| Opening balance   | 383 632  | 1 723 804  |
| Current year audit fee  | 5 539 804  | 3 085 315  |
| External Audit - Auditor-General  | 5 539 804  | 3 085 315  |
| Amount paid - current year  | (4 926 544)                                      | (4 371 778)                                      |
| <b>Balance unpaid (included in creditors)</b>   | <b>996 892</b>                                   | <b>383 632</b>                                   |
| 43.3 <u>VAT - [MFMA 125 (1)(b)]</u>   |  |  |
| Opening balance   | 5 032 723  | 3 070 603  |
| Nett movements  | (2 237 939)                                      | 1 962 120  |
| <b>Closing balance - Receivable</b>   | <b>2 794 784</b>                                 | <b>5 032 723</b>                                 |
| Vat in suspense due to cash basis of accounting   |  |  |
| Input VAT   | 15 317 851                                       | 39 707 547                                       |
| Output VAT  | (12 523 066)                                     | (34 712 038)                                     |
| <b>Receivable</b>   | <b>2 794 784</b>                                 | <b>4 995 509</b>                                 |
| VAT is payable/receivable on the receipt basis. VAT is only paid over to SARS once cash is received from debtors and only claimed from SARS once payment is made to creditors |  |  |
| 43.4 <u>PAYE, SDL and UIF - [MFMA 125 (1)(c)]</u>   |  |  |
| Current year payroll deductions and Council Contributions   | 17 426 333                                       | 15 149 189                                       |
| Amount paid - current year  | (17 426 333)                                     | (15 149 189)                                     |
| <b>Balance unpaid (included in creditors)</b>   | <b>-</b>   | <b>-</b>   |
| 43.5 <u>Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]</u>  |  |  |
| Opening balance   | -  | -  |
| Current year payroll deductions and Council Contributions   | 33 867 462                                       | 29 974 289                                       |
| Amount paid - current year  | (33 867 462)                                     | (29 974 289)                                     |
| <b>Balance unpaid (included in creditors)</b>   | <b>-</b>   | <b>-</b>   |
| 43.6 <u>Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]</u>   |  |  |
| Councillors with arrear accounts for more than 90 days as at 30 June 2013   |  |  |
|   | 2013<br>R<br>Outstanding<br>more than 90<br>days | 2012<br>R<br>Outstanding<br>more than 90<br>days |
| H Botha   | -  | 196  |
| J Goliath   | -  | 4 223  |
| C Ngalo   | -  | 270  |
| N E Ngalo   | 79   | -  |
| IV Van der Westhuizen   | -  | 2 187  |
| C Wagenaar  | -  | 1 048  |
| <b>Total Councillor Arrear Consumer Accounts</b>  | <b>79</b>  | <b>7 923</b>                                     |

**OUTSHOORN MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

**43.7 Deviations from the procurement processes**

*Deviations from, and ratifications of breaches of the Procurement Processes due to Specialised Services, Advertising, Accommodation, Sole Suppliers, Emergencies, Breakdowns, Strip and Quotes.*  
*All the deviations were ratified by the Municipal Manager and reported to Council.*

|  | Less than<br>R 30 000 | Between<br>R 30 001<br>R 200 000 | Between<br>R200001 and<br>R 2 000 000 | More than<br>R 2 000 000 |
|--|-----------------------|----------------------------------|---------------------------------------|--------------------------|
| Actebis                                  | 5 529                 | -                                | -                                     | -                        |
| African Pillars Development              | -                     | 87 800                           | -                                     | -                        |
| Ambassador Pinkster Kerk                 | 2 500                 | -                                | -                                     | -                        |
| Ambu -911                                | 2 736                 | -                                | -                                     | -                        |
| Angus Fire                               | 29 640                | -                                | -                                     | -                        |
| Auto Electro                             | 14 422                | -                                | -                                     | -                        |
| Auto Tech                                | 18 842                | -                                | -                                     | -                        |
| Babcock                                  | 17 459                | 37 072                           | -                                     | -                        |
| Bell Equipment                           | 43 265                | 31 967                           | -                                     | -                        |
| Bell Oak                                 | 11 286                | -                                | -                                     | -                        |
| Bowles drukkers                          | 5 606                 | 50 000                           | -                                     | -                        |
| Brilliant Computers                      | 15 472                | -                                | -                                     | -                        |
| C P Nel Oudtshoorn                       | 12 193                | -                                | 214 900                               | -                        |
| C&D Du Preez                             | 2 500                 | -                                | -                                     | -                        |
| Cango Engineering                        | 17 626                | 108 295                          | -                                     | -                        |
| Cecil Taxi's                             | 9 100                 | -                                | -                                     | -                        |
| Civil Corp                               | 35 880                | 53 223                           | -                                     | -                        |
| Cheree Creations                         | -                     | 162 060                          | -                                     | -                        |
| Claychan Projects                        | 4 345                 | -                                | -                                     | -                        |
| Coastal Amature Winders & Suppliers      | 30 451                | -                                | -                                     | -                        |
| Coetzee & Van der Berg                   | 12 792                | -                                | -                                     | -                        |
| Cosmic Gold Trading 386CC                | -                     | -                                | 234 000                               | -                        |
| CS Traffic                               | 5 913                 | -                                | -                                     | -                        |
| CWC Helderberg Protection                | -                     | 65 936                           | -                                     | -                        |
| Dawson Verkoeling                        | 17 471                | -                                | -                                     | -                        |
| De Villiers Neethling & Partners         | -                     | 43 540                           | -                                     | -                        |
| Die Hoorn                                | 1 290                 | -                                | -                                     | -                        |
| Duncan Korabie Attorneys                 | 24 700                | 206 395                          | 1 509 844                             | -                        |
| Eden FM                                  | 20 201                | -                                | -                                     | -                        |
| Elan Print                               | 6 030                 | -                                | -                                     | -                        |
| Eya Bantu                                | 11 533                | 33 322                           | -                                     | -                        |
| FG Uniforms                              | 15 217                | 108 861                          | -                                     | -                        |
| Ferro Engineering                        | 57 790                | 68 607                           | -                                     | -                        |
| FMZ Cellular (MTN)                       | 5 914                 | -                                | -                                     | -                        |
| Forms Media Independent                  | 11 833                | -                                | -                                     | -                        |
| Gearbox & Diff Centre                    | 17 272                | -                                | -                                     | -                        |
| George Carpets & Curtains                | -                     | -                                | 204 598                               | -                        |
| George Lawnmowers                        | 2 151                 | -                                | -                                     | -                        |
| HPE Technologies                         | 6 362                 | -                                | -                                     | -                        |
| Hazard Bonaka Cape                       | 8 468                 | -                                | -                                     | -                        |
| Hi Tech Auto Enigneering                 | 75 357                | -                                | -                                     | -                        |
| Hoistec Engineering                      | 15 838                | -                                | -                                     | -                        |
| I.S.M.                                   | 18 126                | -                                | -                                     | -                        |
| I.T.S - George                           | -                     | 49 500                           | -                                     | -                        |
| IMPS - SA                                | -                     | 44 250                           | -                                     | -                        |
| Imvusa Trading 1014CC                    | -                     | 145 000                          | 616 800                               | -                        |
| Imvusa Trading 1581CC                    | -                     | 87 500                           | -                                     | -                        |
| Instrument Technology System             | 8 017                 | -                                | -                                     | -                        |
| Irrikor                                  | 25 472                | -                                | -                                     | -                        |
| ITRON                                    | -                     | 79 360                           | -                                     | -                        |
| J& E Communications                      | 27 590                | -                                | -                                     | -                        |
| J&D Ship Services                        | -                     | 91 373                           | -                                     | -                        |
| Johnny's Electrical                      | 6 629                 | -                                | -                                     | -                        |
| Judea Building & Civil Contractors       | 10 850                | -                                | -                                     | -                        |
| K.K.Kooperasie; Jacobs pipes; Civil Corp | -                     | 53 865                           | -                                     | -                        |
| Klein Karoo Een Stop                     | 5 945                 | -                                | -                                     | -                        |
| Knowledge Base                           | 2 052                 | -                                | -                                     | -                        |
| Kobus le Grange                          | 12 450                | -                                | -                                     | -                        |
| Lexis Nexis                              | 7 028                 | -                                | -                                     | -                        |
| Mac Nay                                  | -                     | 200 000                          | -                                     | -                        |
| Maha Cape                                | 8 230                 | -                                | -                                     | -                        |
| Marce Fire Fighting Technology           | 14 729                | 90 200                           | -                                     | -                        |
| Metsi Chem Ikapa                         | 19 950                | -                                | -                                     | -                        |
| Meyers Body                              | 3 500                 | -                                | -                                     | -                        |
| Mindmuzik Media Ltd                      | 2 712                 | -                                | -                                     | -                        |
| Minolta                                  | -                     | -                                | -                                     | -                        |
| Mobicast                                 | -                     | 35 424                           | -                                     | -                        |
| Mills Attorneys                          | -                     | -                                | 438 973                               | -                        |
| Molao Academy                            | -                     | -                                | 625 869                               | -                        |
| Motla Eng Suppliers                      | -                     | -                                | -                                     | -                        |
| National Auto Glass                      | 23 526                | -                                | -                                     | -                        |
| Nelson Mandela Metropolitan University   | 22 294                | 97 470                           | -                                     | -                        |
|  | -                     | 123 922                          | -                                     | -                        |

OUDTSHOORN MUNICIPALITY  
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

| 43.7 | <u>Deviations from the procurement processes (continued)</u> | Less than<br>R 30 000 | Between<br>R 30 001<br>R 200 000 | Between<br>R200001 and<br>R 2 000 000 | More than<br>R 2 000 000 |
|------|--|-----------------------|----------------------------------|---------------------------------------|--------------------------|
|      | New Pro Technologies   | 10 830                | -                                | -                                     | -                        |
|      | Oudtshoorn Grassnyerdienste                                  | 5 149                 | -                                | -                                     | -                        |
|      | Oudtshoorn Nissan  | 25 476                | -                                | -                                     | -                        |
|      | Outeniqua Matte  | -                     | 157 000                          | -                                     | -                        |
|      | Outeniqua Office Machines                                    | 9 110                 | -                                | -                                     | -                        |
|      | Patel & Associates   | -                     | 657 624                          | 231 192                               | -                        |
|      | Peninsula Drums  | -                     | 37 620                           | -                                     | -                        |
|      | Penny pinchers   | 39 196                | -                                | -                                     | -                        |
|      | PG Glass Oudtshoorn  | 21 486                | -                                | -                                     | -                        |
|      | Pool Stop  | -                     | 38 224                           | -                                     | -                        |
|      | Pricewaterhouse Coopers                                      | -                     | -                                | 419 710                               | -                        |
|      | Protea Ind Chemicals   | 17 591                | -                                | -                                     | -                        |
|      | Pyro Chem  | -                     | 144 879                          | -                                     | -                        |
|      | Ramcom   | -                     | 107 196                          | -                                     | -                        |
|      | Ronell Lemmer  | 8 000                 | -                                | -                                     | -                        |
|      | S/Cape Comp. Air Services                                    | 7 655                 | -                                | -                                     | -                        |
|      | SA. Rock Drills cc   | -                     | -                                | -                                     | 4 593 191                |
|      | Safety Xpress Stranberg C/ Sales                             | 9 576                 | 32 114                           | -                                     | -                        |
|      | Sanitech   | -                     | 41 297                           | -                                     | -                        |
|      | Saptlouw Transport   | 10 900                | -                                | -                                     | -                        |
|      | Selesco Catering   | 1 800                 | -                                | -                                     | -                        |
|      | Short's Nissan   | 48 691                | -                                | -                                     | -                        |
|      | Smuts Familie Trust  | 90 024                | -                                | -                                     | -                        |
|      | Specialized Air Brakes                                       | 15 949                | -                                | -                                     | -                        |
|      | St Nicholas Catholic Parish                                  | 2 700                 | -                                | -                                     | -                        |
|      | Stanmar Motors   | 6 353                 | -                                | -                                     | -                        |
|      | Supa Quick   | -                     | 53 700                           | -                                     | -                        |
|      | Sureteck   | 4 730                 | -                                | -                                     | -                        |
|      | Swans Hardware   | 2 398                 | -                                | -                                     | -                        |
|      | The badge company  | 6 764                 | -                                | -                                     | -                        |
|      | Top Loo's  | 288 560               | 720 212                          | -                                     | -                        |
|      | TOPS   | -                     | -                                | -                                     | -                        |
|      | Trekker & Diesel   | 87 205                | -                                | -                                     | -                        |
|      | Tremenders   | -                     | 98 338                           | -                                     | -                        |
|      | Triple R Motors  | 33 886                | -                                | -                                     | -                        |
|      | Tyre Rama  | 12 550                | -                                | -                                     | -                        |
|      | Tyres & Treads   | 6 113                 | -                                | -                                     | -                        |
|      | U-Track it   | 5 000                 | -                                | -                                     | -                        |
|      | Van der Berg Vervoer   | 3 830                 | -                                | -                                     | -                        |
|      | Vodacom Chatz  | 7 189                 | -                                | -                                     | -                        |
|      | Voltex   | 3 507                 | 112 608                          | -                                     | -                        |
|      | Waltons Stationary   | 12 048                | -                                | -                                     | -                        |
|      | Webber Wentzel Attorneys                                     | 69 659                | 192 830                          | -                                     | -                        |
|      | Wessels & Kie Grafsteenwerke                                 | 20 454                | -                                | -                                     | -                        |
|      | Winston Linford Motors                                       | 44 365                | -                                | -                                     | -                        |
|      | Woodline Timber Ind.   | -                     | 143 768                          | -                                     | -                        |
|      |  | <b>1 752 829</b>      | <b>4 692 350</b>                 | <b>4 495 887</b>                      | <b>4 593 191</b>         |

**OUTDSHOORN MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

|   |  | 2013<br>R        | 2012<br>R        |
|---|--|------------------|------------------|
| <b>43.8 Awards made to family members in service of the state (SCM reg 45)</b>                      |  |                  |                  |
| Item description  | Relationship   |                  |                  |
| Nashua George (SCM28/2011)  | CEO's spouse is the Municipal Councilor of another municipality.             | 333 891          | 79 370           |
| Imvusa Trading 1581(8/2/1/63(10))   | The shareholders family member is in the service of Oudtshoorn Municipality. | 1 160 029        | 343 260          |
| 8/2/1/54(10) - Construction of Ellman & Arries Streets - Contract F - (Autumn Skies Trading 187 cc) | The shareholders family member is in the service of another municipality     | -                | 702 044          |
| Inyameko Trading 1147   | The supplier had a member working at the WC Department of Health             | 23 530           | 380 257          |
| RCJP Catering Services  | The supplier had a member working at the NPA                                 | 23 530           | 6 108            |
| OOPS Construction   | The supplier had a member working at the WC Department of Education          | -                | 14 239           |
| Amba and Associates   | The suppliers brother is a Councilor at another Municipality                 | 200 935          | 79 200           |
| Casidra   | Director is working at the department of agriculture                         | 385 570          | 230 838          |
| Kamvelihle General Trading  | Unclear relationship, but immediate family member in service of the state.   | 494 925          | 585 775          |
| Landis + GYR  | Unclear relationship, but immediate family member in service of the state.   | 152 863          | 165 032          |
| Colas   | Unclear relationship, but immediate family member in service of the state.   | -                | 27 962           |
| MAEMSA  | Supplier in service of the Department of Energy                              | 25 956           | 25 956           |
| Victory Ticket 610  | Supplier in service of the South African Police Service                      | -                | 16 500           |
| Jophilmar Construction  | Spouse is in service of Oudtshoorn Municipality                              | 286 352          | 29 766           |
| Elly Catering Services  | Spouse is in service of Oudtshoorn Municipality                              | -                | 490              |
| DSKT Construction   | Spouse is in service of Oudtshoorn Municipality                              | -                | 62 150           |
| Spring Forest Trading 184 cc  | Mother in law is in service of Oudtshoorn Municipality                       | 53 943           | -                |
| Vukani Builders   | The suppliers son is a Councilor at the Municipality                         | 89 151           | -                |
| Busi's Hire   | The suppliers wife is in service of Oudtshoorn Municipality                  | 13 671           | -                |
| MS. BA April  | The father of the bidder is the Executive Mayor of Oudtshoorn Municipality   | 112 500          | -                |
|   |  | <b>3 356 845</b> | <b>2 748 947</b> |

**44 CAPITAL COMMITMENTS**

**Commitments in respect of capital expenditure:**

Approved and contracted for:

Total commitments consist out of the following.

|   | 2013<br>R | 2012<br>R |
|---|-----------|-----------|
| Blossoms Pipeline borehole  | 3 406 809 | -         |
| Construction of a conference Facility and offices at the De Jager Sport Complex | 892 605   | -         |
| Construction of New Substation in Dysselsdorp                                   | 281 523   | -         |
| Low Voltage Reticulation,Service Connection and Installation of Ready Boards    | 19 847    | -         |
| Supply, Delivery and Refurbishment of Electrical Test Equipment                 | 147 607   | -         |
| Construction of a Taxi Rank in Dysselsdorp                                      | 2 493 739 | -         |
| Paving of Mango Street  | -         | 8 696     |
| Paving of Klooflaan   | -         | 50 216    |
| Paving of Kanya Street  | -         | 182 649   |
| Paving of Amies street  | -         | 135 656   |
| Boreholes   | -         | 308 005   |

**This expenditure will be financed from:**

|                   |                  |                |
|-------------------|------------------|----------------|
| External Loans    | 4 748 391        | 685 223        |
| Own Funding       | -                | -              |
| Government Grants | 2 493 739        | -              |
|                   | <b>7 242 130</b> | <b>685 223</b> |

**OUDTSHOORN MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

|    |  | 2013<br>R | 2012<br>R |
|----|--|-----------|-----------|
| 45 | <b>FINANCIAL RISK MANAGEMENT</b>   |           |           |
|    | The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance   |           |           |
|    | <b>(a) Foreign Exchange Currency Risk</b>  |           |           |
|    | The municipality does not engage in foreign currency transactions.   |           |           |
|    | <b>(b) Price risk</b>  |           |           |
|    | The municipality is not exposed to price risk.   |           |           |
|    | <b>(c) Interest Rate Risk</b>  |           |           |
|    | As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.  |           |           |
|    | The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities. |           |           |
|    | The municipality did not hedge against any interest rate risks during the current year.  |           |           |
|    | The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follow:   |           |           |
|    | 0.5% (2012 - 0.5%) Increase in interest rates  | (676 905) | (584 635) |
|    | 1% (2012 - 1%) Decrease in interest rates  | 1 353 809 | 1 169 270 |

**FINANCIAL RISK MANAGEMENT (Continued)**

**(d) Credit Risk**

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss.

Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Trade and other debtors are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

All rates and services are payable within 30 days from invoice date. Refer to note 19 and 20 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms

No receivables are pledged as security for financial liabilities.

Due to the short term nature of receivables the carrying value disclosed in note 19 and 20 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of debtors as follows:

|  | 2013<br>% | 2013<br>R  | 2012<br>% | 2012<br>R  |
|--|-----------|------------|-----------|------------|
| <b><u>Non-Exchange Receivables</u></b>   |           |            |           |            |
| Rates  | 100.00%   | 5 842 557  | 100.00%   | 5 850 740  |
| <b><u>Exchange Receivables</u></b>   |           |            |           |            |
| Electricity  | 14.41%    | 5 632 187  | 12.06%    | 4 038 118  |
| Water  | 49.47%    | 19 341 799 | 42.13%    | 14 107 502 |
| Refuse   | 15.58%    | 6 091 111  | 20.53%    | 6 876 575  |
| Sewerage   | 16.29%    | 6 370 145  | 20.51%    | 6 867 992  |
| Other  | 4.25%     | 1 659 902  | 4.78%     | 1 599 122  |
|  | 100.00%   | 39 095 144 | 100.00%   | 33 489 309 |
| The provision for bad debts could be allocated between the different categories of debtors as follows: |           |            |           |            |
| Government   | 0.33%     | 149 007    | 0.43%     | 169 374    |
| Business   | 7.43%     | 3 337 580  | 3.94%     | 1 550 246  |
| Residential  | 73.03%    | 32 820 170 | 69.41%    | 27 308 748 |
| Indigents  | 19.21%    | 8 630 945  | 26.22%    | 10 315 068 |
|  | 100.00%   | 44 937 701 | 100.00%   | 39 343 436 |

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment



**OUTSHOORN MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

**45 FINANCIAL RISK MANAGEMENT (Continued)**

|   | 2013<br>R         | 2012<br>R         |
|---|-------------------|-------------------|
| Financial assets exposed to credit risk at year end are as follows: |                   |                   |
| Receivables from exchange transactions                              | 46 762 549        | 42 584 818        |
| Receivables from non-exchange transactions                          | 27 241 538        | 23 826 372        |
| Cash and Cash Equivalents   | 16 974 605        | 15 584 478        |
| Unpaid conditional grants and subsidies                             | 981 375           | 62 020            |
|   | <u>91 960 068</u> | <u>72 179 293</u> |

The municipality issued some guarantees in favour of trade creditors. Refer note 22

**(e) Liquidity Risk**

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant

|  | Less than 1 year  | Between 1 and 5 years | Between 5 and 10 years | Over 10 Years    |
|--|-------------------|-----------------------|------------------------|------------------|
| <b>2013</b>  |                   |                       |                        |                  |
| Long Term liabilities                              | 29 489 998        | 70 971 406            | 60 504 106             | 5 484 326        |
| Capital repayments                                 | 14 848 434        | 39 644 345            | 45 943 592             | 4 844 001        |
| Interest   | 14 641 564        | 31 327 061            | 14 560 514             | 640 326          |
| Trade and Other Payables                           | 29 316 471        | -                     | -                      | -                |
| Unspent conditional government grants and receipts | 12 524 017        | -                     | -                      | -                |
|  | <u>71 330 486</u> | <u>70 971 406</u>     | <u>60 504 106</u>      | <u>5 484 326</u> |
| <b>2012</b>  |                   |                       |                        |                  |
| Long Term liabilities                              | 16 186 946        | 53 075 703            | 37 773 239             | 8 248 130        |
| Capital repayments                                 | 8 535 130         | 31 491 877            | 27 711 624             | 7 108 180        |
| Interest   | 7 651 816         | 21 583 827            | 10 061 615             | 1 139 950        |
| Trade and Other Payables                           | 27 708 063        | -                     | -                      | -                |
| Unspent conditional government grants and receipts | 8 358 464         | -                     | -                      | -                |
| Cash and Cash Equivalents                          | -                 | -                     | -                      | -                |
|  | <u>52 253 473</u> | <u>53 075 703</u>     | <u>37 773 239</u>      | <u>8 248 130</u> |

**46 FINANCIAL INSTRUMENTS**

In accordance with IAS 39.09 the financial instruments of the municipality are classified as follows:

The fair value of financial instruments approximates the amortised costs as reflected below.

| 46.1 Financial Assets                   | <u>Classification</u>                   | 2013<br>R         | 2012<br>R         |
|---|---|-------------------|-------------------|
| <b>Investments</b>                      |   |                   |                   |
| <b>Receivables</b>                      |   |                   |                   |
| Receivables from exchange transactions  | Financial instruments at amortised cost | 46 762 549        | 42 584 818        |
| <b>Short-term Investment Deposits</b>   |   |                   |                   |
| Call Deposits                           | Financial instruments at amortised cost | 9 487 635         | 12 107 740        |
| <b>Bank Balances and Cash</b>           |   |                   |                   |
| Bank Balances                           | Financial instruments at amortised cost | 7 476 436         | 3 446 204         |
| Cash Floats and Advances                | Financial instruments at amortised cost | 10 534            | 10 534            |
|   |   | <u>63 737 154</u> | <u>58 149 297</u> |
| <b>SUMMARY OF FINANCIAL ASSETS</b>      |   |                   |                   |
| Financial instruments at amortised cost |   | 63 737 154        | 58 149 297        |
| <b>At amortised cost</b>                |   | <u>63 737 154</u> | <u>58 149 297</u> |

**OUTSHOORN MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

|             |   | 2013<br>R          | 2012<br>R          |
|-------------|---|--------------------|--------------------|
| <b>46</b>   | <b>FINANCIAL INSTRUMENTS (CONTINUE)</b>   |                    |                    |
| <b>46.2</b> | <b>Financial Liability</b>  |                    |                    |
|             | <u>Classification</u>   |                    |                    |
|             | <b>Long-term Liabilities</b>  |                    |                    |
|             | Annuity Loans   | 90 431 939         | 66 311 683         |
|             | Capitalised Lease Liability   | 1 787 289          | 2 517 409          |
|             | <b>Payables from exchange transactions</b>  |                    |                    |
|             | Trade creditors   | 75 996             | 16 482             |
|             | Deposits  | 1 083 542          | 863 824            |
|             | Other   | 26 201 610         | 24 930 888         |
|             | <b>Current Portion of Long-term Liabilities</b>   |                    |                    |
|             | Annuity Loans   | 14 848 433         | 8 535 127          |
|             | Capitalised Lease Liability   | 1 239 382          | 1 436 078          |
|             |   | <b>135 668 191</b> | <b>104 611 492</b> |
|             | <b>SUMMARY OF FINANCIAL LIABILITY</b>   |                    |                    |
|             | Financial instruments at amortised cost   | <b>135 668 191</b> | <b>104 611 492</b> |
| <b>47</b>   | <b>EVENTS AFTER THE REPORTING DATE</b>  |                    |                    |
|             | a Developer approached the supreme court of appeal to review a decision by the municipality to cancel the award of the tender, alleging that it had acquired rights to to the contract. The appeal was rejected with costs on 24 May 2013. a Further appeal was lodged with the Constitutional court which was rejected with costs on 1 August 2013. According to Council's legal advisors, it is certain that the proceedings will result in the recovery of legal fees. The amount is undetermined at this stage. |                    |                    |
| <b>48</b>   | <b>IN-KIND DONATIONS AND ASSISTANCE</b>   |                    |                    |
|             | The Municipality received the following in-kind donations and assistance:   |                    |                    |
|             | Assets donated to the Municipality (Refer note 25)  |                    |                    |
|             | Development Bank of South Africa-Secondment of staff  |                    |                    |
| <b>49</b>   | <b>PRIVATE PUBLIC PARTNERSHIPS</b>  |                    |                    |
|             | Council has not entered into any private public partnerships during the financial year.   |                    |                    |
| <b>50</b>   | <b>CONTINGENT LIABILITY</b>   |                    |                    |
|             | No adjustable or non adjustable contingent liabilities were identified for the year ended 30 June 2013  |                    |                    |

**ODTSHOORN MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

**51 RELATED PARTIES**

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

**51.1 Related Party Loans**

Since 1 July 2004 loans to councillors and senior management employees are not permitted.

**51.2 Compensation of key management personnel**

The compensation of key management personnel is set out in note 28 to the Annual Financial Statements.

**Related party transactions**

These fees relate to payments made on behalf of Councillors in prior years.

|                         | Cell phones | Travel Allowances | Pension | Outstanding<br>Balances 30<br>June 2013 |
|-------------------------|-------------|-------------------|---------|---|
| <b>51.3 Councillors</b> |             |                   |         |   |
| Abrahams A              | 4 198       | -                 | -       | 4 198                                   |
| Apri G                  | -           | 898               | 23 765  | 24 663                                  |
| Biljohn S               | 21 827      | -                 | -       | 21 827                                  |
| Billy S                 | 12 028      | -                 | 10 056  | 22 084                                  |
| Blaauw B                | 39 941      | -                 | -       | 39 941                                  |
| Damonds E               | 25 398      | -                 | -       | 25 398                                  |
| Fortuin E               | 51 872      | 829               | 8 242   | 60 943                                  |
| Gangatele N             | 26 508      | -                 | -       | 26 508                                  |
| Griebelaar              | 40 960      | -                 | -       | 40 960                                  |
| Gunguluza GN            | 61 269      | 1 494             | 22 243  | 85 006                                  |
| Harmse J                | 42 187      | -                 | 12 131  | 54 317                                  |
| Jansen J                | 26 465      | -                 | -       | 26 465                                  |
| Kawa W                  | 39 229      | 2 149             | 13 264  | 54 643                                  |
| Le Kay A                | 57 121      | 852               | 17 495  | 75 469                                  |
| Le Roux B               | 2 711       | -                 | -       | 2 711                                   |
| Luiters P               | 2 103       | -                 | -       | 2 103                                   |
| May M                   | 93 492      | -                 | 4 281   | 97 773                                  |
| Ngalo CN                | -           | 2 141             | 10 935  | 13 076                                  |
| Ngalo EN                | 10 263      | -                 | 13 312  | 24 948                                  |
| Pannas B                | 39 832      | 1 252             | 10 056  | 51 140                                  |
| Phillips GZ             | 127 903     | 829               | 13 264  | 141 996                                 |
| Soman S                 | 39 106      | 429               | 10 056  | 49 590                                  |
| Swartbooi JC            | 53 771      | 1 185             | 29 584  | 84 541                                  |
| V/d Westhuizen IG       | 4 217       | -                 | -       | 4 217                                   |
| Wagenaar C              | 34 955      | -                 | 9 239   | 44 194                                  |
| Windvogel K             | 84 099      | -                 | -       | 84 099                                  |

**51.4 Other related party transactions**

Refer to Note 43.8 for detail on related party transactions

|                                  | 2013<br>R | 2012<br>R |
|----------------------------------|-----------|-----------|
| <b>51.5 Entity Transactions</b>  |           |           |
| Cango Caves Administrative Fee   | 1 149 928 | 1 047 889 |
| Cango Caves lease payment        | 1 049 925 | 999 929   |
| Donation of asset by Cango Caves | 511 754   | -         |

12 PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2013

Reconciliation of Carrying Value

Cost Accumulated Depreciation and Impairment Losses

|                               | Opening Balance<br>R | Correction  | Restated<br>opening balance | Transfers        | Additions<br>R    | Written Off<br>R   | Closing Balance<br>R | Opening Balance<br>R | Correction  | Restated<br>opening balance | Transfers        | Additions<br>R    | Written Off<br>R   | Closing Balance<br>R | Carrying Value<br>R |
|-------------------------------|----------------------|-------------|-----------------------------|------------------|-------------------|--------------------|----------------------|----------------------|-------------|-----------------------------|------------------|-------------------|--------------------|----------------------|---------------------|
| <b>Land and Buildings</b>     | <b>122 329 978</b>   | -           | <b>122 329 978</b>          | <b>617 508</b>   | -                 | -                  | <b>122 947 487</b>   | <b>978 135</b>       | -           | <b>978 135</b>              | <b>565 928</b>   | <b>374 626</b>    | -                  | <b>1 918 687</b>     | <b>121 028 799</b>  |
| Land                          | 90 440 934           | -           | 90 440 934                  | (61 117)         | -                 | -                  | 90 379 817           | -                    | -           | -                           | -                | -                 | -                  | -                    | 90 379 817          |
| Buildings                     | 31 889 044           | -           | 31 889 044                  | 678 625          | -                 | -                  | 32 567 669           | 978 135              | -           | 978 135                     | 565 928          | 374 626           | -                  | 1 918 687            | 30 648 963          |
| <b>Infrastructure</b>         | <b>514 728 778</b>   | -           | <b>514 728 778</b>          | -                | <b>28 781 325</b> | <b>(47 300)</b>    | <b>544 462 803</b>   | <b>162 348 337</b>   | <b>(71)</b> | <b>162 348 330</b>          | -                | <b>11 988 247</b> | <b>(25 179)</b>    | <b>174 320 389</b>   | <b>370 142 404</b>  |
| Electricity                   | 57 105 337           | 1 830 805   | 58 936 142                  | -                | 1 452 792         | -                  | 60 388 934           | 17 897 622           | 16 149      | 18 013 771                  | -                | 1 288 109         | -                  | 19 301 880           | 41 092 853          |
| Water                         | 272 457 659          | (310 210)   | 272 147 449                 | -                | 10 202 428        | -                  | 282 349 678          | 84 078 355           | 16 931      | 94 065 286                  | -                | 4 960 647         | -                  | 89 055 933           | 183 293 944         |
| Sanitation                    | 27 088 018           | -           | 27 088 018                  | -                | 3 815 661         | -                  | 30 903 679           | 10 460 106           | 512         | 10 460 618                  | -                | 700 284           | -                  | 11 160 902           | 19 720 777          |
| Roads and Stormwater          | 159 094 764          | (1 520 365) | 157 574 399                 | -                | 14 309 444        | (47 300)           | 170 836 513          | 38 812 254           | (33 599)    | 38 778 655                  | -                | 5 049 207         | (26 179)           | 44 801 683           | 126 034 829         |
| <b>Community Assets</b>       | <b>36 262 138</b>    | -           | <b>36 262 138</b>           | -                | <b>12 887 533</b> | -                  | <b>49 149 671</b>    | <b>838 874</b>       | -           | <b>838 874</b>              | -                | <b>355 423</b>    | -                  | <b>1 194 297</b>     | <b>47 955 373</b>   |
| Parks and Gardens             | 554 069              | -           | 554 069                     | -                | -                 | -                  | 554 069              | 23 588               | -           | 23 588                      | -                | 13 189            | -                  | 36 776               | 517 300             |
| Libraries                     | 2 903 756            | -           | 2 903 756                   | -                | -                 | -                  | 2 903 756            | 113 238              | -           | 113 238                     | -                | 29 014            | -                  | 142 253              | 2 761 504           |
| Recreation Grounds            | 23 920 313           | -           | 23 920 313                  | -                | 12 887 533        | -                  | 36 807 846           | 347 115              | -           | 347 115                     | -                | 224 453           | -                  | 571 568              | 36 236 278          |
| Civic Buildings               | 8 884 000            | -           | 8 884 000                   | -                | -                 | -                  | 8 884 000            | 354 933              | -           | 354 933                     | -                | 88 767            | -                  | 443 701              | 8 440 299           |
| <b>Lease Assets</b>           | <b>9 166 649</b>     | -           | <b>9 166 649</b>            | -                | <b>562 969</b>    | -                  | <b>9 729 618</b>     | <b>5 533 791</b>     | -           | <b>5 533 791</b>            | -                | <b>1 456 556</b>  | -                  | <b>6 990 347</b>     | <b>2 739 272</b>    |
| Vehicles and Office Equipment | 9 166 649            | -           | 9 166 649                   | -                | 562 969           | -                  | 9 729 618            | 5 533 791            | -           | 5 533 791                   | -                | 1 456 556         | -                  | 6 990 347            | 2 739 272           |
| <b>Other Assets</b>           | <b>41 328 946</b>    | -           | <b>41 328 946</b>           | <b>(678 625)</b> | <b>2 510 783</b>  | <b>(2 663 773)</b> | <b>40 477 330</b>    | <b>19 503 256</b>    | -           | <b>19 503 256</b>           | <b>(565 926)</b> | <b>3 569 131</b>  | <b>(1 313 576)</b> | <b>21 192 863</b>    | <b>19 284 446</b>   |
| Office Equipment              | 4 675 785            | -           | 4 675 786                   | (525 236)        | 512 546           | (327 180)          | 4 335 856            | 2 500 256            | -           | 2 500 256                   | (466 513)        | 523 037           | (185 591)          | 2 311 239            | 1 864 617           |
| Furniture & Fixings           | 5 774 477            | -           | 5 774 477                   | -                | 262 283           | (99 046)           | 5 937 714            | 3 425 690            | -           | 3 425 690                   | -                | 619 559           | (57 928)           | 3 987 321            | 1 960 993           |
| Motor Vehicles                | 6 076 957            | -           | 6 076 957                   | -                | 35 158            | (849 720)          | 5 262 394            | 2 189 329            | -           | 2 189 329                   | -                | 427 900           | (343 561)          | 2 273 757            | 2 086 637           |
| Emergency Equipment           | 439 886              | -           | 439 886                     | -                | -                 | (47 506)           | 392 381              | 178 735              | -           | 178 735                     | -                | 59 741            | (2 098)            | 236 378              | 156 003             |
| Computer Equipment            | 3 082 244            | -           | 3 082 244                   | (153 329)        | 1 158 592         | (23 880)           | 4 065 626            | 1 851 518            | -           | 1 851 518                   | (59 413)         | 355 783           | (16 644)           | 2 091 544            | 1 972 382           |
| Workshop Equipment and Tools  | 6 050 112            | -           | 6 050 112                   | -                | 368 765           | (393 842)          | 6 025 035            | 3 252 734            | -           | 3 252 734                   | -                | 537 140           | (188 363)          | 3 561 481            | 2 433 554           |
| Trucks                        | 15 229 484           | -           | 15 229 484                  | -                | 175 439           | (942 599)          | 14 462 323           | 6 104 993            | -           | 6 104 993                   | -                | 1 045 632         | (506 363)          | 6 641 462            | 7 820 881           |
|                               | <b>723 816 489</b>   | -           | <b>723 816 489</b>          | <b>(61 117)</b>  | <b>45 742 610</b> | <b>(2 731 073)</b> | <b>766 765 909</b>   | <b>189 202 393</b>   | <b>(71)</b> | <b>189 202 386</b>          | -                | <b>17 763 984</b> | <b>(1 339 757)</b> | <b>205 616 613</b>   | <b>561 160 284</b>  |



**APPENDIX A**  
**OUTDSHOORN LOCAL MUNICIPALITY**  
**SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2013**

| EXTERNAL LOANS                       | Rate       | Loan Number | Redeemable | Balance at 30 JUNE 2012 | Received during the period | Redeemed/ written off during the period | Balance at 30 JUNE 2013 |
|--------------------------------------|------------|-------------|------------|-------------------------|----------------------------|---|-------------------------|
| <b>ANNUITY LOANS</b>                 |            |             |            |                         |                            |   |                         |
| Witprop                              | Prime-0.5% | 3028182572  | 2015/06    | 1 014 152               | -                          | (317 769)                               | 696 383 59              |
| Standard Bank                        | 12.65%     | -           | 2021/05    | 20 405 542              | -                          | (630 432)                               | 19 775 110.31           |
| Standard Bank                        | 11.70%     | -           | 2021/06    | 6 971 773               | -                          | (705 144)                               | 6 266 628.74            |
| FNB                                  | 11.97%     | -           | 2016/06    | 9 037 588               | -                          | (316 671)                               | 8 720 916.68            |
| Standard Bank                        | 11.09%     | -           | 2022/12/31 | -                       | 7 568 558                  | -                                       | 7 568 558.00            |
| Standard Bank                        | 11.70%     | -           | 2023/06/20 | -                       | 27 176 272                 | -                                       | 27 176 272.00           |
| Development Bank of SA               |            |             |            | <b>37 417 756</b>       | -                          | <b>(2 341 253)</b>                      | <b>35 076 502</b>       |
| Urban Infrastructure Project 10608/1 | 14.00%     | 10608/1/01  | 2017/06    | 4 603 805               | -                          | (330 447)                               | 4 273 357               |
| Multiple Infrastructure 101096/1     | 10.41%     | 101096/1    | 2024/06    | 7 496 790               | -                          | (160 796)                               | 7 335 994               |
| Multiple Infrastructure 101096/2     | 10.16%     | 101096/2    | 2019/12    | 275 923                 | -                          | (12 594)                                | 263 329                 |
| Electrification 9017                 | 11.00%     | 9017        | 2013/12    | 2 593 273               | -                          | (817 395)                               | 1 775 878               |
| Multiple Infrastructure 101647/1     | 10.82%     | 101647/1    | 2025/12    | 3 197 369               | -                          | (118 421)                               | 3 078 948               |
| Multiple Infrastructure 101647/2     | 10.07%     | 101647/2    | 2020/06    | 1 142 858               | -                          | (71 429)                                | 1 071 429               |
| Multiple Infrastructure 101647/3     | 10.07%     | 101647/3    | 2015/06    | 167 760                 | -                          | (27 960)                                | 139 800                 |
| Infrastructure 102003/1              | 10.59%     | 102003/1    | 2025/12    | 7 815 790               | -                          | (289 474)                               | 7 526 316               |
| Electricity And Water 102292/1       | 10.62%     | 102292/1    | 2026/05    | 4 245 638               | -                          | (151 630)                               | 4 094 008               |
| Electricity And Water 102292/2       | 10.62%     | 102292/2    | 2016/06    | 1 424 488               | -                          | (178 061)                               | 1 246 427               |
| Deep Aquifer Hydrogeological 13774   | 15.67%     | 13774       | 2021/06    | 619 456                 | -                          | (16 405)                                | 603 051                 |
| Infrastructure 102617/1              | 10.35%     | 102617/1    | 2027/06    | 3 252 282               | -                          | (108 409)                               | 3 143 872               |
| Infrastructure 102617/2              | 10.53%     | 102617/2    | 2017/06    | 582 324                 | -                          | (58 232)                                | 524 092                 |
| <b>Total Annuity Loans</b>           |            |             |            | <b>74 846 810</b>       | <b>34 744 830</b>          | <b>(4 311 269)</b>                      | <b>105 280 372</b>      |

|   |        |  |         |                  |                |                    |                  |
|---|--------|--|---------|------------------|----------------|--------------------|------------------|
| <b>LEASE LIABILITY</b>                        |        |  |         |                  |                |                    |                  |
| PBX TelkomSA                                  | 12.00% |  | 2013/03 | 92 574           |                | (92 574)           | -                |
| VW Citi Golf 1.4 Chico CG23237                | 11.98% |  | 2013/01 | 11 370           |                | (11 370)           | -                |
| VW Citi Golf 1.4 Chico GC15063                | 11.98% |  | 2013/01 | 11 370           |                | (11 370)           | -                |
| Isuzu KB 250 LWB Base CG23176                 | 12.01% |  | 2013/01 | 16 407           |                | (16 408)           | -                |
| Isuzu KB 250 LWB Base CG23182                 | 11.99% |  | 2013/01 | 22 415           |                | (22 415)           | -                |
| Isuzu KB 250 LWB Base CG23180                 | 12.00% |  | 2013/01 | 20 370           |                | (20 370)           | -                |
| Nissan UD 40L C/Cab 4.6T B&P/Load 554 GC19999 | 12.00% |  | 2014/01 | 79 163           |                | (48 244)           | 30 919           |
| Isuzu KB 250 Fleetside (2007) CG24866         | 11.99% |  | 2014/01 | 56 859           |                | (34 651)           | 22 208           |
| Isuzu KB 250 Fleetside (2007) CG22357         | 11.99% |  | 2014/01 | 55 901           |                | (34 068)           | 21 834           |
| VW Citi Golf 1.4i Tenaciti EU2 CG24879        | 11.99% |  | 2014/01 | 30 878           |                | (18 819)           | 12 060           |
| VW Citi Golf 1.4i Tenaciti EU2 CG24878        | 11.99% |  | 2014/01 | 30 878           |                | (18 819)           | 12 060           |
| Isuzu KB 250 Fleetside (2007) CG24867         | 11.99% |  | 2014/01 | 54 711           |                | (33 343)           | 21 368           |
| Panasonic Copier DP 180 Serial LGE4XW0085     | 12.01% |  | 2013/08 | 12 353           |                | (10 481)           | 1 872            |
| Panasonic Copier DP 180 Serial LGE4XW00047    | 12.01% |  | 2013/08 | 12 353           |                | (10 481)           | 1 872            |
| Panasonic Copier DP 180 Serial HGE4XW00003    | 12.01% |  | 2013/08 | 12 353           |                | (10 481)           | 1 872            |
| Panasonic Copier DP 180 Serial KGE4XW0006C    | 12.01% |  | 2013/08 | 12 353           |                | (10 481)           | 1 872            |
| Panasonic Copier DP 180 Serial DGE4XW00134    | 12.01% |  | 2013/08 | 12 353           |                | (10 481)           | 1 872            |
| Panasonic Copier DP 180 Serial KGE4XW00063    | 12.01% |  | 2013/08 | 12 353           |                | (10 481)           | 1 872            |
| Opel Corsa Utility CG 26463                   | 12.10% |  | 2015/01 | 54 088           |                | (18 983)           | 35 105           |
| Isuzu KB 250 CG 26458                         | 11.99% |  | 2015/01 | 82 536           |                | (28 971)           | 53 565           |
| Isuzu KB 250 CG 26464                         | 11.99% |  | 2015/01 | 82 536           |                | (28 971)           | 53 565           |
| Isuzu KB 250 CG 26451                         | 11.99% |  | 2015/01 | 90 638           |                | (31 814)           | 58 824           |
| Gestelner MPC Serial V22848601018             | 12.00% |  | 2013/03 | 12 216           |                | (12 216)           | -                |
| Chevrolet Aveo CG 7740                        | 7.75%  |  | 2016/01 | 93 158           |                | (24 107)           | 69 050           |
| Chevrolet Aveo CG 7735                        | 7.75%  |  | 2016/01 | 93 158           |                | (24 107)           | 69 050           |
| Chevrolet Aveo CG 7730                        | 7.75%  |  | 2016/01 | 93 158           |                | (24 107)           | 69 050           |
| Chevrolet Aveo CG 7738                        | 7.75%  |  | 2016/01 | 93 158           |                | (24 107)           | 69 050           |
| Ford Bantam CG 9433                           | 7.75%  |  | 2016/01 | 88 757           |                | (22 933)           | 65 824           |
| Ford Bantam CG 9445                           | 7.75%  |  | 2016/01 | 62 935           |                | (16 270)           | 46 665           |
| Ford Bantam CG 9442                           | 7.75%  |  | 2016/01 | 65 808           |                | (17 024)           | 48 784           |
| Ford Bantam CG 9447                           | 7.75%  |  | 2016/01 | 72 833           |                | (18 840)           | 53 993           |
| Nissan CG10994                                | 9.00%  |  | 2016/01 | 199 794          |                | (50 842)           | 148 951          |
| Nissan CG10975                                | 9.00%  |  | 2016/01 | 199 794          |                | (50 842)           | 148 951          |
| Nissan CG12180                                | 9.00%  |  | 2016/02 | 101 841          |                | (24 543)           | 77 298           |
| Nissan CG12186                                | 9.00%  |  | 2016/02 | 130 479          |                | (31 444)           | 99 035           |
| Nissan CG10243                                | 9.00%  |  | 2016/01 | 112 780          |                | (27 921)           | 84 859           |
| Nissan CG1993                                 | 9.00%  |  | 2016/01 | 112 780          |                | (27 921)           | 84 859           |
| Nissan CG7605                                 | 9.00%  |  | 2016/01 | 112 780          |                | (27 921)           | 84 859           |
| Nissan CG7718                                 | 9.00%  |  | 2016/01 | 112 780          |                | (27 921)           | 84 859           |
| Nissan CG9038                                 | 9.00%  |  | 2016/01 | 86 678           |                | (21 459)           | 65 219           |
| Nissan CG14312                                | 9.00%  |  | 2016/03 | 104 406          |                | (25 161)           | 79 245           |
| Nissan CG14241                                | 9.00%  |  | 2016/03 | 104 406          |                | (25 161)           | 79 245           |
| Nissan CG14280                                | 9.00%  |  | 2016/03 | 104 406          |                | (25 161)           | 79 245           |
| Nissan CG13212                                | 9.00%  |  | 2016/03 | 104 406          |                | (25 161)           | 79 245           |
| Nissan CG14245                                | 9.00%  |  | 2016/03 | 104 406          |                | (25 161)           | 79 245           |
| Nissan CG14285                                | 9.00%  |  | 2016/03 | 104 406          |                | (25 161)           | 79 245           |
| Nissan CG13157                                | 9.00%  |  | 2016/03 | 91 852           |                | (22 136)           | 69 717           |
| Nissan CG12199                                | 9.00%  |  | 2016/02 | 104 983          |                | (25 300)           | 79 683           |
| Nissan CG10230                                | 9.00%  |  | 2016/01 | 103 851          |                | (25 710)           | 78 141           |
| Nissan CG10239                                | 9.00%  |  | 2016/01 | 103 851          |                | (25 710)           | 78 141           |
| Konica Minolta Photocopier C203 (420037950)   | 10.50% |  | 2012/12 | 7 791            |                | (7 790)            | -                |
| Nashua Pro 1107 V510020026                    | 9.00%  |  | 2013/10 | 136 246          |                | (100 642)          | 35 605           |
| Panasonic QJK 0925717                         | 9.00%  |  | 2013/12 | 66 781           |                | (43 516)           | 23 265           |
| Panasonic Copier Serial Z6A2B3DC100021        | 12.01% |  | 2015/11 | -                | 82 796         | (13 861)           | 68 934           |
| Ford Kuga 2.5 AWD Titanium Auto               | 11.99% |  | 2015/10 | -                | 292 009        | (56 192)           | 235 817          |
| Toyota Hilux 2.5 D-4D SRX R/E                 | 11.99% |  | 2018/02 | -                | 188 164        | (9 363)            | 178 800          |
| <b>Total Lease Liabilities</b>                |        |  |         | <b>3 953 488</b> | <b>562 969</b> | <b>(1 489 785)</b> | <b>3 026 672</b> |

**TOTAL EXTERNAL LOANS**

**78 800 298      35 307 799      (5 801 054)      108 307 044**

**APPENDIX B - Unaudited**  
**ODTSHOORN LOCAL MUNICIPALITY**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013**  
**MUNICIPAL VOTES CLASSIFICATION**

| 2012<br>Actual<br>Income<br>R | 2012<br>Actual<br>Expenditure<br>R | 2012<br>Surplus/<br>(Deficit)<br>R |   | 2013<br>Actual<br>Income<br>R | 2013<br>Actual<br>Expenditure<br>R | 2013<br>Surplus/<br>(Deficit)<br>R |
|-------------------------------|------------------------------------|------------------------------------|---|-------------------------------|------------------------------------|------------------------------------|
| 1 404                         | (5 570 974)                        | (5 569 571)                        | Office of the Municipal Manager             | 12 289                        | (1 747 606)                        | (1 735 316)                        |
| -                             | (5 940 451)                        | (5 940 451)                        | Office of the Exec Mayor & Committee        | -                             | (6 748 319)                        | (6 748 319)                        |
| -                             | (2 337 114)                        | (2 337 114)                        | Manager Corporate                           | -                             | (1 793 969)                        | (1 793 969)                        |
| 129 850 667                   | (40 522 589)                       | 89 328 078                         | Council General                             | 154 782 441                   | (50 462 201)                       | 104 320 240                        |
| -                             | (17 388)                           | (17 388)                           | Office of the Deputy Mayor                  | -                             | (1 098 421)                        | (1 098 421)                        |
| -                             | (200 261)                          | (200 261)                          | Office of the Speaker                       | -                             | (838 346)                          | (838 346)                          |
| -                             | -                                  | -                                  | Strategic Portfolio Committee               | -                             | (42 504)                           | (42 504)                           |
| -                             | -                                  | -                                  | Finance Portfolio Committee                 | -                             | (22 797)                           | (22 797)                           |
| -                             | -                                  | -                                  | Corporate Portfolio Committee               | -                             | (33 915)                           | (33 915)                           |
| -                             | -                                  | -                                  | Community Service Portfolio Committee       | -                             | (30 346)                           | (30 346)                           |
| -                             | -                                  | -                                  | Technical Service Portfolio Committee       | -                             | (29 726)                           | (29 726)                           |
| -                             | (703 085)                          | (703 085)                          | Legal services                              | -                             | (6 812 961)                        | (6 812 961)                        |
| -                             | (5 435 221)                        | (5 435 221)                        | Admin Finance                               | -                             | (2 042 189)                        | (2 042 189)                        |
| -                             | (10 301 491)                       | (10 301 491)                       | Finance Income                              | -                             | (10 159 330)                       | (10 159 330)                       |
| -                             | (3 957 763)                        | (3 957 763)                        | Finance Expenditure                         | -                             | (4 421 763)                        | (4 421 763)                        |
| -                             | (3 565 258)                        | (3 565 258)                        | Finance Accounting Services                 | -                             | (3 984 321)                        | (3 984 321)                        |
| -                             | -                                  | -                                  | Supply Chain Management                     | -                             | (44 715)                           | (44 715)                           |
| -                             | (7 933 503)                        | (7 933 503)                        | Administration                              | -                             | (8 968 563)                        | (8 968 563)                        |
| -                             | (6 384 414)                        | (6 384 414)                        | Human Resources                             | -                             | (5 282 494)                        | (5 282 494)                        |
| -                             | (1 901 283)                        | (1 901 283)                        | Computer Data / IT                          | -                             | (2 115 371)                        | (2 115 371)                        |
| -                             | (892 015)                          | (892 015)                          | Internal Audit                              | -                             | (1 020 468)                        | (1 020 468)                        |
| -                             | 14 679                             | 14 679                             | Civic Centre/Land & Buildings               | -                             | -                                  | -                                  |
| -                             | (11 415 083)                       | (11 415 083)                       | Corporate Wide Strategic Planning           | -                             | (13 305 271)                       | (13 305 271)                       |
| -                             | (5 294 834)                        | (5 294 834)                        | Town Planning                               | -                             | (6 702 029)                        | (6 702 029)                        |
| 15 935 362                    | (20 246 339)                       | (4 310 976)                        | Traffic & Licensing                         | 15 921 386                    | (22 658 966)                       | (6 737 580)                        |
| -                             | (3 562 433)                        | (3 562 433)                        | Fire Fighting                               | -                             | (4 400 862)                        | (4 400 862)                        |
| -                             | (12 157)                           | (12 157)                           | Vehicle Testing Centre                      | -                             | -                                  | -                                  |
| -                             | (5 019 899)                        | (5 019 899)                        | Manager Community Services                  | -                             | (6 700 046)                        | (6 700 046)                        |
| -                             | (3 273 522)                        | (3 273 522)                        | Bridgton Community Hall                     | -                             | (5 226 726)                        | (5 226 726)                        |
| -                             | -                                  | -                                  | Bongolethu Community Hall                   | -                             | (544 878)                          | (544 878)                          |
| -                             | (416 815)                          | (416 815)                          | Dysseldorp Community Hall                   | -                             | (26 724)                           | (26 724)                           |
| -                             | (4 383 693)                        | (4 383 693)                        | Admin Library Services                      | -                             | (4 929 125)                        | (4 929 125)                        |
| -                             | 13 205                             | 13 205                             | Libraries                                   | -                             | 8 031                              | 8 031                              |
| -                             | (1 468 496)                        | (1 468 496)                        | Cemetery & Crematoriums                     | -                             | (1 701 535)                        | (1 701 535)                        |
| 1 579 903                     | (2 328 895)                        | (748 992)                          | Cango Mountain Resort                       | 1 502 444                     | (2 205 688)                        | (703 243)                          |
| 1 636                         | -                                  | 1 636                              | Cango Mountain Resort Restaurant            | 47 117                        | -                                  | 47 117                             |
| 283 771                       | (199 781)                          | 83 990                             | Bridgton Resort                             | 327 124                       | (569 001)                          | (241 877)                          |
| -                             | (132 707)                          | (132 707)                          | Arbeidsgeot                                 | -                             | (84 456)                           | (84 456)                           |
| -                             | (8 631 300)                        | (8 631 300)                        | Parks & Gardens                             | -                             | (9 413 497)                        | (9 413 497)                        |
| -                             | (3 428 926)                        | (3 428 926)                        | De Jager Sportcomplex                       | -                             | (3 969 992)                        | (3 969 992)                        |
| -                             | (96 019)                           | (96 019)                           | Sport & Recreation (Brid/De Rust and Bongl) | -                             | (121 052)                          | (121 052)                          |
| -                             | -                                  | -                                  | Bridgton Sportgrounds                       | -                             | 210                                | 210                                |
| -                             | (1 689 436)                        | (1 689 436)                        | Swimming Pools                              | -                             | (1 906 645)                        | (1 906 645)                        |
| -                             | -                                  | -                                  | Bridgton Swembad                            | -                             | 360                                | 360                                |
| -                             | (12 828 752)                       | (12 828 752)                       | Housing                                     | 1 260 354                     | (23 296 504)                       | (22 036 150)                       |
| -                             | (1 177 125)                        | (1 177 125)                        | Bulk Waste                                  | -                             | (1 513 283)                        | (1 513 283)                        |
| 12 018 392                    | (7 623 752)                        | 4 394 640                          | Refuse Removal                              | 13 345 684                    | (13 252 597)                       | 93 087                             |
| -                             | (17 130)                           | (17 130)                           | Sanitation                                  | -                             | (56 029)                           | (56 029)                           |
| -                             | (7 767 645)                        | (7 767 645)                        | Street Cleansing                            | -                             | (10 275 837)                       | (10 275 837)                       |
| -                             | (489 712)                          | (489 712)                          | Main Roads                                  | -                             | (234 996)                          | (234 996)                          |
| -                             | (10 371 507)                       | (10 371 507)                       | Admin Streets                               | -                             | (9 628 288)                        | (9 628 288)                        |
| -                             | (11 033 431)                       | (11 033 431)                       | Roads and Stormwater                        | -                             | (12 425 567)                       | (12 425 567)                       |
| -                             | (2 359 303)                        | (2 359 303)                        | Job Creation                                | -                             | (3 060 496)                        | (3 060 496)                        |
| -                             | (83 615)                           | (83 615)                           | Stormwater                                  | -                             | (107 160)                          | (107 160)                          |
| -                             | (1 414 069)                        | (1 414 069)                        | Admin Sewerage                              | -                             | (1 900 124)                        | (1 900 124)                        |
| 21 021 888                    | (6 984 817)                        | 14 037 071                         | Sewerage Purification                       | 22 410 295                    | (7 524 569)                        | 14 885 726                         |
| 241 348                       | (4 745 935)                        | (4 504 587)                        | Sewerage Network                            | 311 198                       | (5 239 694)                        | (4 928 496)                        |
| 973 566                       | (161 386)                          | 812 180                            | Dysseldorp Sewerage                         | 1 001 227                     | (257 265)                          | 743 961                            |
| -                             | (297 223)                          | (297 223)                          | Public Toilets                              | -                             | (12 447)                           | (12 447)                           |
| 36 005 197                    | (4 381 543)                        | 31 623 654                         | Water Storage                               | 39 181 112                    | (3 810 852)                        | 35 370 261                         |
| -                             | (12 181 988)                       | (12 181 988)                       | Water Distribution                          | -                             | (13 621 295)                       | (13 621 295)                       |
| (121 737)                     | (2 137 589)                        | (2 259 326)                        | Dysseldorp Water                            | (1 331)                       | (1 051 603)                        | (1 052 934)                        |
| -                             | (965 299)                          | (965 299)                          | Manager Infrastructure                      | -                             | (1 853 735)                        | (1 853 735)                        |
| 139 972 000                   | (3 022 523)                        | 136 949 477                        | Admin Electricity                           | 156 474 407                   | (7 441 247)                        | 149 033 160                        |
| -                             | (110 981 447)                      | (110 981 447)                      | Electricity Distribution                    | -                             | (117 177 377)                      | (117 177 377)                      |
| 5 948 209                     | (161 665)                          | 5 786 544                          | Dysseldorp Electricity                      | 7 018 198                     | (174 555)                          | 6 843 643                          |
| -                             | (123 999)                          | (123 999)                          | Airport                                     | -                             | (162 607)                          | (162 607)                          |
| -                             | (1 704 105)                        | (1 704 105)                        | Workshop/ Fleet                             | 320                           | (2 427 776)                        | (2 427 456)                        |
| 7 457 848                     | (6 315 262)                        | 1 142 586                          | Klein Karoo Water Scheme                    | 7 558 679                     | (9 054 013)                        | (1 495 334)                        |
| 371 169 455                   | (376 566 085)                      | (5 396 630)                        | <b>Total</b>                                | 421 152 946                   | (437 718 135)                      | (16 565 190)                       |

**APPENDIX C**  
**ODUTSHOORN LOCAL MUNICIPALITY**

**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013**  
**GENERAL FINANCE STATISTIC CLASSIFICATIONS**

| 2012<br>Actual<br>Income<br>R | 2012<br>Actual<br>Expenditure<br>R | 2012<br>Surplus/<br>(Deficit)<br>R |                             | 2013<br>Actual<br>Income<br>R | 2013<br>Actual<br>Expenditure<br>R | 2013<br>Surplus/<br>(Deficit)<br>R |
|-------------------------------|------------------------------------|------------------------------------|-----------------------------|-------------------------------|------------------------------------|------------------------------------|
| 129 852 070                   | (52 954 748)                       | 76 897 323                         | Executive & Council         | 154 794 731                   | (67 867 143)                       | 86 927 588                         |
| -                             | (24 151 749)                       | (24 151 749)                       | Budget & Treasury           | -                             | (21 672 786)                       | (21 672 786)                       |
| -                             | (18 556 314)                       | (18 556 314)                       | Corporate Services          | -                             | (18 160 397)                       | (18 160 397)                       |
| -                             | (16 709 918)                       | (16 709 918)                       | Planning & Development      | -                             | (20 007 300)                       | (20 007 300)                       |
| -                             | -                                  | -                                  | Health                      | -                             | -                                  | -                                  |
| -                             | (14 534 540)                       | (14 534 540)                       | Community & Social Services | -                             | (19 121 003)                       | (19 121 003)                       |
| -                             | (12 828 752)                       | (12 828 752)                       | Housing                     | 1 260 354                     | (23 296 504)                       | (22 036 150)                       |
| 15 935 362                    | (23 820 928)                       | (7 885 566)                        | Public Safety               | 15 921 386                    | (27 059 827)                       | (11 138 442)                       |
| 1 865 310                     | (16 507 064)                       | (14 641 754)                       | Sport & Recreation          | 1 876 685                     | (18 269 762)                       | (16 393 077)                       |
| 12 018 392                    | (16 585 652)                       | (4 567 260)                        | Waste Management            | 13 345 684                    | (25 097 746)                       | (11 752 062)                       |
| 22 236 802                    | (13 687 045)                       | 8 549 757                          | Waste Water Management      | 23 722 720                    | (15 041 260)                       | 8 681 460                          |
| -                             | (24 253 954)                       | (24 253 954)                       | Road Transport              | -                             | (25 349 348)                       | (25 349 348)                       |
| 43 341 308                    | (25 016 383)                       | 18 324 926                         | Water                       | 46 738 461                    | (27 537 762)                       | 19 200 699                         |
| 145 920 209                   | (115 130 934)                      | 30 789 275                         | Electricity                 | 163 492 605                   | (126 646 914)                      | 36 845 690                         |
| -                             | (1 828 104)                        | (1 828 104)                        | Other                       | 320                           | (2 590 383)                        | (2 590 063)                        |
| 371 169 455                   | (376 566 085)                      | (5 396 630)                        | <b>Total</b>                | <b>421 152 946</b>            | <b>(437 718 135)</b>               | <b>(16 565 190)</b>                |



**APPENDIX D - Unaudited**  
**OUDTSHOORN LOCAL MUNICIPALITY**  
**DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003**

| Grant Description  | Balance<br>1 JULY 2012 | Correction       | Restated<br>Balance<br>1 JULY 2013 | Grants<br>Received | Operating<br>Expenditure<br>during the year<br>Transferred<br>to Revenue | Capital<br>Expenditure<br>during the year<br>Transferred<br>to Revenue | Balance<br>30 JUNE 2013 |
|--|------------------------|------------------|------------------------------------|--------------------|--|--|-------------------------|
|  | R                      | R                | R                                  | R                  | R  | R  | R                       |
| <b>UNSPENT AND UNPAID GOVERNMENT GRANTS AND RECEIPTS</b> |                        |                  |                                    |                    |  |  |                         |
| <b><u>National Government Grants</u></b>                 |                        |                  |                                    |                    |  |  |                         |
| Equitable Share  | -                      | -                | -                                  | 43 034 000         | 43 034 000   | -  | -                       |
| Department of Water Affairs                              | -                      | -                | -                                  | 1 894 000          | 1 894 000  | -  | -                       |
| Department of Water Affairs ( Refurbishment)             | -                      | -                | -                                  | 500 000            | 500 000  | -  | -                       |
| RBIG Grant- (DWAF)                                       | -                      | -                | -                                  | 8 000 000          | -  | 8 000 000  | -                       |
| Local Government Financial Management Grant              | -                      | -                | -                                  | 1 250 000          | 1 248 159  | 1 841  | -                       |
| DME Electrification New Housing Project                  | 1 066 650              | (215 650)        | 851 000                            | 1 000 000          | -  | 1 022 998  | 828 002                 |
| Municipal Systems Improvement Grant                      | -                      | -                | -                                  | 800 000            | 800 000  | -  | -                       |
| Municipal Infrastructure Grant                           | -                      | -                | -                                  | 17 505 000         | 106 388  | 17 398 612   | -                       |
| Seta   | -                      | -                | -                                  | 497 668            | 497 668  | -  | -                       |
| Extended Public Works Program                            | 1 068 203              | -                | 1 068 203                          | 2 350 000          | 4 130 257  | 253 059  | (965 113)               |
| Infrastructure Van Wykskraal                             | (16 262)               | -                | (16 262)                           | -                  | -  | -  | (16 262)                |
| Neighbourhood Development Grant Grant (NDPG)             | (45 758)               | -                | (45 758)                           | 10 825 000         | -  | 9 939 272.86   | 839 970                 |
| <b>Total National Government Grants</b>                  | <b>2 072 833</b>       | <b>(215 650)</b> | <b>1 857 183</b>                   | <b>87 655 668</b>  | <b>52 210 472</b>  | <b>36 615 783</b>  | <b>686 596</b>          |
| <b><u>Provincial Government Grants</u></b>               |                        |                  |                                    |                    |  |  |                         |
| CDW operational support grant                            | -                      | -                | -                                  | 108 000            | 108 000  | -  | -                       |
| Library Services   | -                      | -                | -                                  | 657 000            | 657 000  | -  | -                       |
| Integrating Housing Settlement Grant                     | 3 013 283              | -                | 3 013 283                          | 16 953 700         | 17 216 703   | -  | 2 750 280               |
| ABS Programme  | -                      | -                | -                                  | 5 000 000          | 1 260 354  | -  | 3 739 646               |
| Housing Consumer Educator                                | 48 681                 | -                | 48 681                             | -                  | -  | -  | 48 681                  |
| Provincial Sport Grant                                   | 0                      | -                | -                                  | 94 000             | -  | -  | 94 000                  |
| Public Transport Facilities                              | 1 999 806              | -                | 1 999 806                          | 2 003 206          | -  | 1 191 413  | 2 811 599               |
| Military Sport Academy                                   | 1 000 000              | -                | 1 000 000                          | -                  | -  | -  | 1 000 000               |
| Finance Management Support Grant                         | -                      | -                | -                                  | 250 000            | -  | -  | 250 000                 |
| Thusong Centre Operational Support Grant                 | -                      | -                | -                                  | 218 000            | 218 000  | -  | -                       |
| <b>Total Provincial Government Grants</b>                | <b>6 061 770</b>       | <b>-</b>         | <b>6 061 770</b>                   | <b>25 283 906</b>  | <b>19 460 058</b>  | <b>1 191 413</b>   | <b>10 694 205</b>       |
| <b><u>District Municipality Grants</u></b>               |                        |                  |                                    |                    |  |  |                         |
| Upgrading of Rural Sport Grounds                         | 137 744                | -                | 137 744                            | -                  | -  | -  | 137 744                 |
| LED Strategy   | 10 114                 | -                | 10 114                             | -                  | -  | -  | 10 114                  |
| Recovery Plan  | 13 983                 | -                | 13 983                             | -                  | -  | -  | 13 983                  |
| Dysselsdorp Rural Development                            | -                      | -                | -                                  | -                  | -  | -  | -                       |
| <b>Total District Municipality Grants</b>                | <b>161 841</b>         | <b>-</b>         | <b>161 841</b>                     | <b>-</b>           | <b>-</b>   | <b>-</b>   | <b>161 841</b>          |
| <b>TOTAL</b>   | <b>8 296 444</b>       | <b>(215 650)</b> | <b>8 080 794</b>                   | <b>112 939 574</b> | <b>71 670 530</b>  | <b>37 807 196</b>  | <b>11 542 642</b>       |
| <b><u>Public Grants</u></b>                              |                        |                  |                                    |                    |  |  |                         |
| NLDTF- Construction of Sport Grounds                     | 14 021                 | -                | 14 021                             | -                  | -  | -  | 14 021                  |
| Donation N.A Smit  | 117 303                | -                | 117 303                            | -                  | -  | -  | 117 303                 |
| Umsobomvo Youth Fund                                     | -                      | -                | -                                  | -                  | -  | -  | -                       |
| Alpha Aan Den Rijn- Aids Program                         | -                      | -                | -                                  | -                  | -  | -  | -                       |
| Klein Karoo Agri- Suikerbult                             | 1 851                  | -                | 1 851                              | -                  | -  | -  | 1 851                   |
| Tuiniqua Consulting Engineers                            | 111 200                | -                | 111 200                            | -                  | -  | -  | 111 200                 |
| Standard Bank Sport Development                          | -                      | -                | -                                  | 120 000            | 120 000  | -  | -                       |
| <b>Total Other Grant Providers</b>                       | <b>244 375</b>         | <b>-</b>         | <b>244 375</b>                     | <b>120 000</b>     | <b>120 000</b>   | <b>-</b>   | <b>244 375</b>          |
| <b>Total</b>   | <b>8 540 819</b>       | <b>(215 650)</b> | <b>8 325 169</b>                   | <b>113 059 574</b> | <b>71 790 530</b>  | <b>37 807 196</b>  | <b>11 787 017</b>       |